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DOUGLAS
CIVIL ENGINEERING & BUILDING CONTRACTORS
BIRMINGHAM ■ SWANSEA ■ STOCKTON ■ LIVERPOOL

News Summary

GENERAL

Police probing air tragedy

Tokyo police said last night they were investigating whether the student pilot of a Japanese F-86 Sabre jet was in blame for yesterday's worst-ever air disaster, in which 162 people died.

The fighter was in collision with an All Nippon Airways Boeing 727 as it was flying at 27,000 feet over a mountainous region 270 miles north of Tokyo. The airliner, carrying 155 passengers and seven crew, disintegrated and wreckage and bodies were scattered over many miles. Only 56 bodies had been recovered by last night.

Warning

The student pilot, Yoshimi Ichikawa, parachuted to safety with his instructor and was recovering in hospital. His jet was accompanied by a smaller aircraft, whose pilot said he saw the Boeing approaching and warned Ichikawa to turn and climb. But it was too late.

All those aboard were understood to be Japanese, with the exception of an American flight engineer. The airliner had been on a flight to Tokyo from the island of Hokkaido.

A spokesman for Lloyd's said in London the airliner had a hull insurance value of £6.7m, a "substantial amount" of which "possibly as much as half" was covered in London.

37 die in French military crash

Forty-seven paratroopers and crew on board a French Alouette transport were killed when it crashed in flames at Pau. The aircraft was making its final approach for a parachute jump when an engine apparently caught fire and the aircraft plunged into the ground.

Space separation—at second try

Apollo 15's lunar module Falcon and command module Endeavour, separated at the second attempt last night. Astronaut Al Worden then blasted Endeavour into a higher, 70-mile orbit for the next three days while Dave Scott and Jim Irwin prepared for the descent to the lunar surface from the 110-mile high point of their own orbit.

Despite the separation hitch—caused by a loose plug in a line taking power in the release mechanism on the spacecraft's jacking gear—the landing was expected to be on schedule, just before midnight.

Drier August

August will be drier than usual since an unsettled spell at the start of the month is over, says the long-range forecast. Page 10

Popfest writ

Isle of Wight County Council and local landowners issued a High Court writ aimed at preventing a pop festival due to be held on the island next month.

Japan murders

Police at Maebashi, Japan, unveiled the bodies of two more young women they believe were the seventh and eighth victims of a rapist who lured them in their deaths with promises of a career in the film industry. The killings are among Japan's worst post-war murder cases.

Briefly...

The Oz editors were refused bail by Court of Appeal but were not sentenced to prison after being found guilty of libel.

World Health Organisation officially declared Spain to be free of cholera.

Arab summit ended unexpectedly with a warning to Jordan and Syria may be launched against Palestinian guerrillas.

A lot of put shareholder told L.M.'s annual meeting in Amsterdam that a marijuana tea service should be started on its aircraft, asked by slogans for "the high-altitude trip in the world."

Jameson's Chocolates 40 + 7
Lloyds Industries 44 + 7
London & Cnty. Secur. 210 + 15
Overseas Financ. Trust 410 + 50
Northborough Invest. 92 + 8
Reed (Austrian) A 310 + 15
St. Martin's Prop. 310 + 15
Sterling Guar. Trust 270 + 12
Sunley (B.) 106 + 6
Town Centre Prop. 82 + 5
Tottenham 224 + 10
EAST 180 + 15
Select Exploration 77 + 4
Union Corp. 211 + 6

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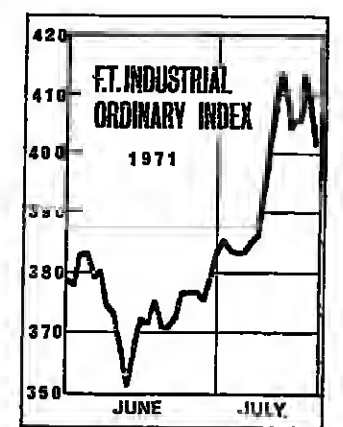
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BUSINESS

Equities 4.2 off on week

● LONDON EQUITIES were depressed by Wall Street's downdrift but the leaders picked up later. The index fell to



400.4 but ended 2.7 lower at 401.5, 4.2 down on the week. Gold shares were higher.

● IN GILTS mediums and longs lost up to one point but a rally cut the day's fall to 4-1.

● THE £ STAYED at £2.415. The Bundesbank's dollar sales ran to \$70m-\$80m, at DM3.2505-10, for a three-days' total of \$730m.

● TREASURY BILL rate was £0.0045pc up at £5.5642pc.

● WALL STREET'S index lost a minor gain, ending 2.99 lower at 336.43. Pages 14 and 18

● GOLD'S UPTREND continued in London with a 10c rise to \$415.5, highest price since June 1969. This made a gain of 80c on the week and \$2.25 to three weeks. The market was less active yesterday; there was some profit-taking but doubts over the international settlement continued to support the price.

● LOCKHEED LOAN HOPES have risen as a result of leaders of both parties in the U.S. House of Representatives agreeing on a plan to break the deadlock in the Senate where yet another attempt to shorten the debate failed. The idea was to shoo the legislation for a \$2,000m. general fund and to vote merely on whether to give Lockheed the \$250m. guarantees sought. Danger to the new proposal is expected mainly in the Senate. Back Page

Building orders rise

● BUILDING CONTRACTORS' new orders are running at 11 per cent. above last year. Though factory building for private industry fell in May to below the six-year monthly average, new orders still reached £323m., close to the first-quarter average. Private house building, commercial development and public works improved. Back Page

INDEPENDENT BAKERS

accounting for 20 per cent. of bread sales are likely to raise large-scale prices by 1p in September, due to a 14 per cent. wage increase for shopworkers and higher ingredient costs. Page 15

PORT MODERNISATION

20 per cent. of the £196.1m. to end, said Transport Industries Minister Mr. Pym, as ports are now comparatively well equipped. But grants will be paid on contracts to be given for the South East dock scheme at Liverpool. Page 15

UNION LEADERS

recommended 200,000 industrial civil servants in percent pay rises averaging 8 1/2 per cent. Ministers view this as in line with their pay strategy. Last year a 13 per cent. pact had its effect on later public-sector settlements. Back Page

FITCH LOVELL

pre-tax profit has risen to £4.31m. (£3.32m.) a 9 per cent. final lift the total dividend to 15 (12 1/2) Page 16; Lex John Brown pre-tax profit is close to the forecast at £4.41m. against £4.21m. Final of 7 1/2 per cent. Select Exploration 77 + 4 Union Corp. 211 + 6

COMPANIES

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£3m. BSA losses in 1970-71—serious financial position

BY KENNETH GOODING

The directors of Birmingham Small Arms Company, the BSA engineering and motor cycles group, revealed last night that the company made losses of about £3m. in the last financial year and warned that the financial position could hardly be more serious.

"By reason of the heavy losses the group is under-capitalised and its borrowing powers are insufficient," they declared. Bank borrowings are close to the limit permitted by the Articles of Association.

Two weeks ago Dr. Daniel McDonald, the Scottish millionaire who collected £18m. cash when he sold his interest in the BSR "Monarch" record-changer group, said he would make a partial bid for BSA.

The BSA Board said last night that for such a partial bid to be recommended by it there would have to be an assurance from Dr. McDonald that "substantial" new capital would be available for injection into the group. It is understood this could be as much as £5m.

Dr. McDonald made his approach through a company called Vision Enterprises, and its other director, Mr. A. M. Beaumont-Dark, a stockbroker, said after the news of the offer that neither Vision nor its financial advisers Kleinwort Benson had seen the BSA statement.

He stressed, however, that Dr. McDonald's main interest was the same as that of the BSA directors—that of pulling "this once great company" around. There would be urgent talks and Dr. McDonald would naturally have to hear the advice of his bankers before making a final decision.

The BSA directors produced their statement after studying a report prepared since May, by Cooper Bros., the accountants and new management structure is needed and in particular that a new managing director "of high

calibre" should be recruited to fill the vacancy in the motor-cycle division created when 57-year-old Mr. Lionel Jofeh resigned three weeks ago.

The BSA Board, headed by Mr. Eric Turner, accepted in general principle "the recommendations in the report of Cooper Bros. and intends to implement them as quickly as possible." Several reorganisation measures are already in hand.

Because of the group's financial position there will, of course, be no dividend to shareholders. The group's British and U.S. bankers have been kept in touch with the position and will be asked to continue their support during the reorganisation period.

Measures are also in hand to develop additional sources of finance. The directors stress that the Cooper Bros. report shows that, given adequate finance, the measures already being taken, plus other changes planned by the group, "should enable the motor-cycle division to return to a profitable basis of trading."

BSA's non-motor-cycle interests—which include a metal components division, central heating equipment and general engineering—have all been profitable during the past year and show good prospects for the future, the directors maintain.

Underplanned by hopes of the partial bid of 55p cash a share, the BSA Ordinary shares closed up 1p at 43p last night—above the 40p level of the announcement. At this level the group has a market value of just over £9m.

Design delays

Additional provisions—the amount of which has still to be accurately established—will be needed to cover further reorganisation costs. The cause of the loss was the dislocation of production in the motor-cycle division, attributable mainly to delays in completing the design of new models aggravated by a delay in the arrival of components from suppliers. These problems led to a low volume of output just before the peak selling season for motor-cycles.

Cooper Bros. have recommended in their report that a new management structure is needed and in particular that a new managing director "of high

calibre" should be recruited to fill the vacancy in the motor-cycle division created when 57-year-old Mr. Lionel Jofeh resigned three weeks ago.

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Corfield promises support for growth of ICL

BY JAMES ENSOR

MR. FREDERICK CORFIELD, Minister for Aerospace, yesterday made the most definite statement to date of the Government's policy towards a British-owned computer industry.

In a written reply, he told Parliament that the Government recognises the importance of the continued growth of ICL. A range of measures, including a procurement policy, deliberately designed to strengthen ICL's position in the market will be continued.

Mr. Corfield said that the Government had urged the National Industries and other public sector purchasers to follow a similar policy. The Government will be prepared to place contracts with ICL which assist in the development of new products and computer applications. It will also continue the "Advanced Computer Technology Project" under which it has financed certain research and development.

Further measures to support ICL's research and development may be considered in the light of the financial assistance being given to their computer industries by other Governments. The French Government under Plan Calcul has provided large funds

to the French-owned CIL. The German Government has a fund which is expanding to a value of £70m. a year to support Siemens and Telefunken in the development of computers. Much of the original research in computers in the U.S. is undertaken with NASA or Defence contracts.

Mr. Corfield suggested that "the British industry will gain considerable advantage from close co-operation with the European computer industry within the Common Market." He added that "the starting point for this co-operation is a competitive British industry and we are a strong British-owned element in which ICL will have the major part to play."

Collaboration

The Government will take up its outstanding balance of ICL shares next year. It will underwrite the loans which ICL is negotiating to obtain with financial institutions in order to finance its expansion in the present state of the economy. According to ICL, the company may have experienced some difficulty

with these loans but the Government's assurance should remove them.

The Government clearly sees ICL as the catalyst of a European computing effort. Mr. Corfield said of the Government recognised its role in creating conditions conducive to collaborative ventures and is currently doing this by closing down several Government-owned computer industries. We are certain it is clear statement of intent. Government involvement encourages the growth of such industries with considerable consequential benefits for Britain and Europe.

Sir John Wall, ICL's chairman, welcoming Mr. Corfield's statement, said that he believed "in fact, Britain has a nucleus for a viable European computer industry. We are certain it is clear statement of intent. Government involvement encourages the growth of such industries with considerable consequential benefits for Britain and Europe."

Sir John repeated his statement that the company is profitable and added that "it is mainly the share of the currently retained private sector." He suggested that the company would maintain its share with the introduction of computers, currently being deferred, in due course.

Giro staff to strike on Monday

BY ALEX HENDRY, LABOUR REPORTER

A PAY strike by Post Office computer staff will disrupt the Giro system from Monday and prevent an estimated £7m. worth of telephone accounts being sent out each week to customers.

At the Giro centre, Bontle, Lancs., 120 computer staff, members of the Civil and Public Services Association, will strike on Monday and Tuesday of next week. The following week they will strike three days, the third week four days, and then indefinitely if no settlement has been reached.

Colleagues at three other Post Office computer centres in

London, Edinburg and Derby per cent. flat rate increase. —a total of 226—will start their CPSA has asked for 9 per cent. strike on Monday. They will not work until there is a settlement of their claims. The CPSA has asked for 9 per cent. strike on Monday. They will not work until there is a settlement of their claims.

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Watney to post new Truman bid to-day

BY KENNETH GOODING

WATNEY MANN will post to-day the documents carrying formal details of its new £47m. bid for fellow brewers Truman Hanbury Buxton.

And once Grand Metropolitan Hotels, rival suitors for Truman, has had an opportunity to see the documents it will make up its mind whether to increase its own terms to better those of the latest Watney effort.

Mr. Stanley Grinstead, joint managing director of Grand Met, admitted yesterday a new offer from his company—its fourth—could not be ruled out completely.

Both bidders stayed out of the stock market most of yesterday at the request of the Takeover Panel. S. G. Warburg, advisers to Grand Met, had asked for Guinness Mahon, bankers to Watney, to clarify some points made in its statement on Thursday.

Few bought

One of the major points was about the unusual financing method Watney has arranged for its market purchases. Watney has agreed with some institutions to pass on at a discount Truman shares bought in the market—but only if its bid is declared unconditional. The Truman shares would then be taken at a small discount by the institutions, who would accept the Watney bid package.

As a result of the Panel consultations, very few Truman shares were picked up by either of the rivals yesterday. And they reflected this by closing unchanged at 43p last night, slightly above the value of the Watney proposed terms still worth 42p.

There were purchases on Thursday. Watney picked up 92,265 Truman at an average of 42p each while Grand Met, through S. G. Warburg, also at an average of 43p.

Reply by Cunard to bid delayed

By Sandy McLachlan

THE CUNARD Board's reply to the Trafalgar House Investments bid is not now expected until after the week-end. It appears that Cunard and its financial advisers, S. G. Warburg, have not been able to finalise and print the reply in time to meet the Friday posting deadline which Sir Basil Smallpeice, the Cunard chairman, had hoped to meet.

It was suggested in some quarters that Cunard might want to have its defence against Trafalgar on longer term profit forecasts than are normally acceptable in official takeover documents. In this case it would be necessary to clear such forecasts with the Takeover Panel, which could be a factor in the delay.

Mr. Smallpeice said yesterday that he did not think the strike would affect the Government's decision. He was convinced it had already made up its mind.

Pay scales

A spokesman for the P.O. said last night: "We regret this threat and urge the union to reconsider. It could ultimately affect the prospects of colleagues unconnected with the dispute." The spokesman also pointed out that the union could go to arbitration but Mr. Graham said yesterday that negotiations had been going on since last December and in the take too long.

UCS shop stewards in 'take-over'

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

MR. ROBERT C. SMITH, now officially appointed liquidator for Upper Clyde Shipbuilders, today announced measures to carry on the business until the Government forms a new company, as shop stewards carried out their promised "take-over" of the yards.

This morning they manned gates at the doomed Clydebank yard, the former John Brown, and put token forces into the other two yards and the Linthouse steel factory still on holiday. They checked people and lorries carrying supplies entering the yard.

1,000 or so around the end of September. He put the date for the run-down of the Scotstoun yard towards the end of the year and that of the Clydebank yard by next March.

He also announced the early resumption of work on three ships suspended earlier this month, but was non-committal on the 13 ships for which orders have been placed but not yet started.

The week in London and Prices sag after All-Share Index peak

EQUITIES passed an important milestone on Monday when the FT-Actuaries All-Share Index moved into new high ground, piercing the 190.97 achieved in January, 1969. A further all-time high was set on Tuesday, with 183.66, but these levels proved vulnerable to profit-taking sparked off by the loss of confidence on Wall Street.

TOP PERFORMING SECTORS IN FOUR WEEKS TO JULY 29	
	% rise
Machine Tools	23.3
Banks	21.7
Electricals (ex Electronics)	21.2
Aircraft and Components	17.5
Merchant Banks	16.6
All-Share	7.5
THE WORST PERFORMERS	
	% fall
Oils	0.6
Entertainment and Catering	1.2
Office Equipment	3.5
Breweries	4.7
Wines and Spirits	8.5

Over the week as a whole the FT Industrial Index lost 4.2 points to close at 401.5.

In the fixed interest section, a market starved of large (and therefore marketable) new issues from front-rank companies has been able to get its teeth into the £40m. 10½ per cent. Unsecured Loan stock, 1993-98, from Distillers. This is the largest issue of its kind since ICI raised a similar sum last December.

Because unsecured loans have tended to become unfashionable after the Rolls-Royce collapse there was a possibility of some resistance in this issue. But in the event the institutions have been quite happy. The placing at par has gone ahead with, apparently, few problems and a two point premium is expected when dealings open.

Those bids again

The Cunard saga took some curious turns this week and, typically, none of them led anywhere in particular. The idea of a syndicate counter-bidding against Trafalgar sounded a bit weak; a group of private individuals might have some difficulty in making use of the tax advantages and, more important, Mr. Maxwell Joseph was quoted at the same time as saying that 250p was the minimum price acceptable. It would be highly unusual for a potential bidder

to show his hand to that extent and it was no surprise when the story was knocked on the head the following day. Meanwhile, Cunard's delay in formulating its detailed rejection of Trafalgar may be testing the patience of the loyal small shareholders that it needs so badly.

There was also a suggestion of hot air in the Cavenham-Bovril-Rowntree triangle, where Cavenham's new bid worth 423p on paper—topping Rowntree by around 70p—was accompanied first by yet another "syndicate" story, this one with Argentinean antecedents, and the harder news that Beecham had briefed merchant bankers Morgan Grenfell to keep tabs on the situation. Bovril kept on climbing, to 430p last night, the market obviously believing that this is yet another situation where take-over enthusiasm has overthrown the usual risk-reward calculations.

Rationalisation sums

This suspicion certainly applies to Grand Met-Watney-Truman, where there is apparently some possibility that Watney's latest move—the intention to bid something like 432p a share against Grand Met's 404p—will wash its face in the year to September 30, 1973. In 1971-72, it is on the

cards that Truman plus initial rationalisation savings will gross around £4m. pre-tax—nearly £1m. short of the figure Watney needs to avoid earnings dilution. Watney, however, may feel that the acceleration of its rationalisation plans, via Truman, would lift it from the low end of the brewery market ratings, and there are precedents—Glynwed Allied Foundry, for one. Perhaps the point ought to be emphasised, rather than the claim that earnings dilution is "negligible."

Machine tools at the bottom

According to the B. Elliott management the machine tool industry is at its lowest level for 40 years, an assumption few would argue with. But such depressed levels of demand can at least imply that cyclical lows are about to be touched, if that has not already happened. Alfred Herbert, for one, was thinking along similar lines this week.

But Herbert had just reported a 1970-71 first-half loss of £328,000 after shutdown losses totalling £452,000, against a background of U.K. net new orders for the first quarter of 1971 at £36.3m. against £52.4m. in 1970. Meantime, this week's other major machine tool result

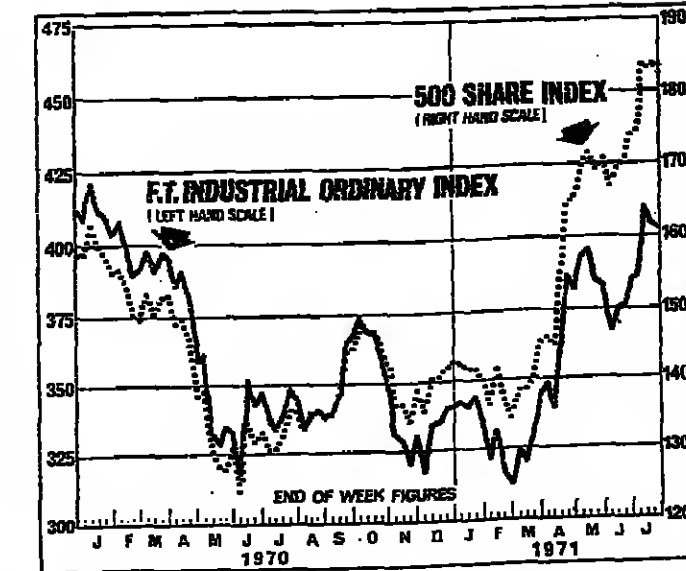
—B. Elliott—reckoned a faint demand upturn could be detected.

If true, that coincides with the U.S. pattern where new orders for June, 1971, disclosed 22.8 per cent. growth over May and gains of 15½ per cent. on June, 1970, for the best showing in 15 months. However, most observers about the short-term outlook: it could be mid-1972 before the backwash of consumer spending—post mini-Budget, and cum improved investment allowances—can produce any significant signs of recovery.

Production cycles

Moreover, for profits, the key lies in the length of production cycles. Currently these are running at roughly six months in the U.K., so on that basis it would be nearer early 1973 before earnings levels started to benefit. Meantime, the problem for the market lies in weighing possible long-term prospects against the possibility of further bad corporate news.

Our machine tools sector has had a fair rise this year, being 48 per cent. above its 1971 low point against 40 per cent. for the FT Actuaries Industrial Group. But the scope for further recovery can be gauged by the sector's 50 per cent. discount



on its all time peak against just 5 per cent. for the 500 index.

ICI's new pattern in textiles

Thursday's news of the forthcoming bid by ICI for the rest of Qualitex—it already owns 104 per cent. of the equity—has once again thrown the future of the textile industry into the melting-pot. The long-standing ICI policy of steering clear of direct involvement in the textile trade has once again been called into question. Already it controls Carrington Virella, and with Qualitex the group, on some estimates, will control 40 per cent. of the U.K. yarn-texturing trade. The approach of Common Market entry could be the final straw which has broken ICI's resistance to vertical integration in the man-made fibres trade: on the Continent yarn manufacture and processing is largely carried out within a single organisation, a pattern which Courtaulds and British Enkalon are following at their polyester plants in the U.K.

Crimplene club

ICI's move raises problems for the independent members of the Crimplene club, the handful of processors with the right to use the Crimplene brand name for their texturised polyester yarn. For Coats Patons and English Calico, it means competing with a major supplier and hence a possible conflict of interest. But these two groups are fairly widely spread; the situation is more intriguing at Lister, in which ICI already owns a 20 per cent. stake. Lister has invested heavily in texturing machinery, and has been doing well out of Crimplene in men's wear—but any bid from ICI could run into Monopolies Commission snags; in any case it

Investment choice in the TV sector

About three weeks ago, after the contrasting Granada-Robinson first-half results, this column made the point that TV contractors were beginning to look like a better bet on the colour boom than the rental specialists. This was not so much a function of the potential long-term growth rates as of the relatively low standing of the contractors, their capacity for short-term profit improvement and the renter's potential liquidity problem.

Point by point, evidence to support this basic assumption has been piling up since then. First we had the mini-Budget, with its relaxation of credit and advance rental terms pointing to lots of physical growth in rental; growth, however, which would be expressed at the start more in initial costs and depreciation than profits. Then, last week, there were the industry advertising revenue figures, up 14 per cent. in the first six months of 1971. Finally, this week, there were the first-half profits from Anglia illustrating the two-edged potential in TV contracting. Anglia's 50 per cent. jump in first-half pre-tax profits probably has a lot to do with the levy cuts in April, 1970, and February, 1971; the revenue surge, has yet to show its paces in significant terms and that, with Anglia at 132p on a prospective p/e under 8, is an interesting proposition.

Onlooker

New York Sharp setback

BY NICHOLAS COLCHESTER

IT WAS a salutary week on Wall Street. After two weeks of listless trading and slow decline had gradually undermined a residual bull sentiment, the market broke sharply downwards on Tuesday, Wednesday and Thursday to register a total fall for the first four trading days of 36.36 on the Dow Jones average.

On Friday an attempted rally failed and the market settled down for a further 2.99 loss at 588.43 making a total net fall of 29.35 on the week.

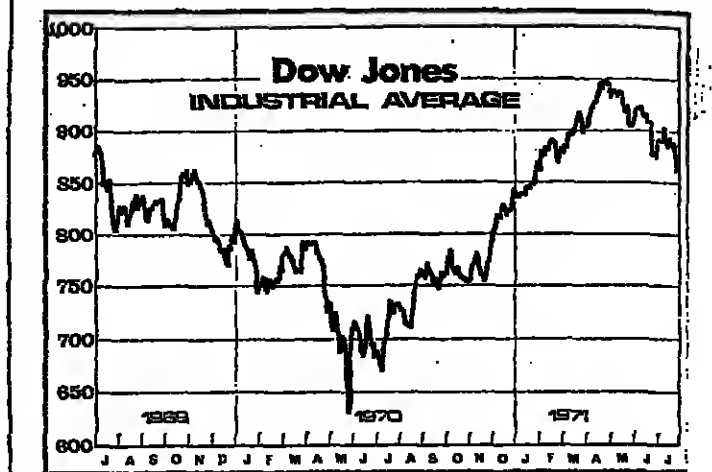
In the process, it destroyed a lingering technical shibboleth that it would "retest its June low" of around 673 before bouncing back up again by failing a clear ten points past that mark to 581.42, the lowest since January 27. In this way the New York Stock Exchange brought its progress for the past six months back to naught.

In a way this was only a reflection of the fact that the same

and price review Board. In one stroke this told Wall Street everything it did not want to hear—that the economic situation was bad enough to cause a revolt at the t (Burns was a Nixon appointee and that the next dose of medicine might be something it could still the profits of so many industries.

At the same time the strikes across the country lingered on and proliferated, the national steel strike loomed even closer—the deadline for this settlement comes to-night. This grim background put the market in no mood to react to some lightweight flippers—a 2 per cent. rise in mid-July sales, machine tool orders rose 22.8 per cent. in June of an age in the doldrums.

Monday was the last of the eventful days with the see-saw trading of the year. Dow inching upwards, but m



six months had had little or no impact on the two economic parameters that have governed the Ascat and monetary contortions of the last year and a half—inflation and unemployment. Whereas last January the market was living in hope, it now finds itself in an atmosphere of doubt.

Just before the week-end, the June cost-of-living index was reported to have risen at an annual rate of 6 per cent., and at the same time there appeared an open rift between the nation's economic leaders as to how this situation should be controlled. Dr. Arthur Burns, the chairman of the Federal Reserve Board, declared the "rules of economics are not working" in that there was "extensive unemployment" and "much idle industrial capacity," but no faltering in the rate of inflation. The solution, said Dr. Burns, was to try a wage

steaks faltering than rising. Next day the market started accelerating nose-diving, by 8.1 Tuesday, 8.96 on Wednesday, 10.59 on Thursday with volatility rising and more than 1,000 stocks marked down on every day.

One blatant show of pessimism that had a marked impact on traders was the decision by directors of U.S. Steel to cut company's dividend despite improved results for the half. This action by "Big Six" put that company squarely on the top of the active list Wednesday when it lost 12½ (remember 1959 when U.S. was at a record 108½).

There was in fact only one bright spot in the three-day slide which was a six-point rise by International Business Machines on the news that it was going to increase some of its computer prices.

MINES IN THE NEWS

Waiting for next term

BY KENNETH MARSTON

NOW THAT the holiday season is in full swing, many mining shareholders might just as well enjoy their rest and hope that share prices will be looking a little more interesting later on. Golds, as this column has already suggested, are looking interesting right now in line with the bullion price which this week has risen to a two-year high.

Platinum, too, have had some encouragement from the free market price of the latter metal which is nudging up to the £50 per ounce producer level again. For the time being sales of Russian platinum to the West appear to have dried up and there has been a certain amount of forward buying in the New York market.

Australian issues remain rather uninspiring as much of the Agnew nickel find steam has come out of Selection Trust, Consolidated African Selection Trust and Seleat Exploration.

Market money

But the Australian market still has a few glowing embers and one theory is that this week's closing date of tenders for the shares contained in the Mineral Securities Australia portfolio could herald better times. This portfolio is largely made up of good-class investments, not rubbish, and a lot of institutional money has been held back for the purchase of selected parcels by tender.

When the Minsec liquidator finally selects the tenders that he is to accept—and this will take a little time—the funds now tied up in the hands of unsuccessful tenderers will be released for other investment. And, of course, the sale of these Minsec assets will square a lot of debts owed to brokers. So there could be a sizeable amount of money looking for a home in the better-class Australian mining stocks. Australia's Budget, incidentally is due on August 17.

Despite the sharemarket debacle, Australia can still claim a remarkable success story in the finding of new mineral deposits in the past few years and investment funds will still find their way to the successful companies. At this

week's Sydney meeting of Seleat Mr. Chester Beatty pointed out that capital expenditure on Australia's burgeoning mining industry is now running at over \$500m. (£232m.) a year and already annual mineral exports are worth double that figure.

He had no fresh news regarding Agnew, in which Seleat now has a 20 per cent. stake, but he told of good progress at the company's Spargoville-Yilma nickel development, away to the south, in Western Australia. First nickel production is expected in mid-1972 and in the light of the encouraging drilling results announced this week, the

Hanna consortium which is thought to have outlined a mining proposition at its neighbouring nickel discovery. If the latter is as good as many observers think it is the emergence of a second mining operation would at least bring the benefit to Seleat of a certain amount of cost sharing on the provision of such things as power, water and housing, as Ledestart pointed out on Monday.

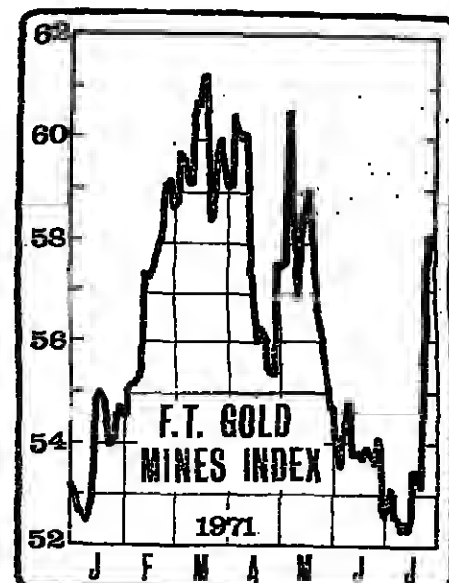
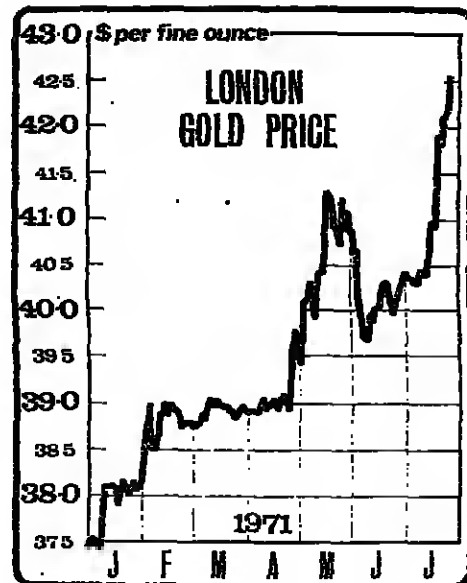
Nth. Broken Hill

Among the longer established Australian profit-earners, North Broken Hill has announced a 40 per cent. fall to \$7.48m.

amount to over half the company's net income.

My guess is that it has done quite nicely, but overall net profits may still fall short of those in the previous year. Even so, the company may draw upon its good financial backing in order to avoid a reduction in the dividend. But what of the current year's outlook? On the mining side, this is not very exciting, although higher zinc prices should help to offset the continuing dullness in lead.

The investments, however, could tell a more cheerful story. If North Broken Hill has followed up its rights issue entitle-



operation should have a longer life than the four years indicated by the previously announced reserve estimate.

At another Australian gathering this week Posidon signed the necessary production agreement with the Western Australia Government for the \$55m. (£25.5m.) Windarra nickel venture which is expected to start up in 12 months' time. The big question of financing still remains to be settled, but chairman Mr. Tom Hutton said that at least one offer would be received "before the end of the month."

This has touched off speculation that a deal might be done with the Union Oil-Bomestake-

(£3.48m.) in its gross operating profits for the year to June 30 from the lead-zinc-silver mining operations. A year ago they had risen some 27 per cent. thanks to higher lead and zinc prices.

Since then the tide has turned. Production has fallen, partly as a result of a nine-day labour dispute, and more importantly the average price realised for lead has amounted to only \$20.72 per ton compared with \$268.19 in 1969-70. The fall in operating earnings will be cushioned by a reduction in royalties and tax, but we have yet to know what has happened to the investment revenue which, last October, the chairman reckoned could soon

be the holding in Western Mining may now be about 4.7m. shares and the latter, which has embarked on the rising dividend trail, has just announced a net profit for the year to June 30 of \$22.2m. (£10.34m.) compared with \$14.05m. a year ago.

Increased dividends are also being received on the 3m. shares held in Alcoa of Australia. In the background there are the speculative possibilities of the 28.57 per cent. stake in what looks to be an encouraging nickel prospect in the Ravensthorpe area of Western Australia. North Broken Hill may not seem cheap at the moment, but they have recovery possibilities which await a general revival in the Australian market.

TV Radio

* Indicates programme in black and white.

BBC 1

11.05 a.m. Week-end Weather.
11.10 a.m. 15. Moon Drive.
11.20 a.m. Grandstand: 11.30, 2.20, 3.20.
Cricket: Yorkshire v Lancashire; 1.00 Football Preview.
1.10 World Heavyweight Boxing: Muhammad Ali v Jimmy Ellis; 1.40, 2.05, 2.35.
3.05 Racing from Goodwood: 2.50, 3.20, 3.50, 4.20.
4.10 a.m. News.
4.15 a.m. News.
4.20 a.m. News.
4.25 a.m. News.
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Your savings and investments

Decontrol of exports is good for metal merchants

BY STANLEY GUYER AND WILFRID PICKARD

FOLLOWING the lifting of controls on the export of most types of scrap metal, shipments of ferrous scrap have jumped sharply ahead. In May, the latest month for which figures are available, they amounted to 92,000 tons compared with only just over 11,000 tons in January when the restrictions applied.

The increase is not surprising, however, as British prices for scrap metal have been held much below the world's level. They are now expected to draw in line.

This change in price structure could provide the long awaited boost to margins on scrap. Not that the profit records of the metal merchants have been poor, but the interim statement

from J. Saville Gordon Group—turnover £10.6m (£8m.) but pre-tax profits of £309,000 (£230,000, including £25,000 special profit)—highlights the problem.

Prior to last year Saville Gordon had produced a good record of rising profits and pushed equity earnings up from the equivalent of 3p a share when the company came to the market in 1967 to nearly 9p a share in the year to April, 1970. Similarly adjusted for the 100 per cent. scrip issue, the dividend has been increased from 9.4 to 40.5 per cent. Part of the expansion has come from acquisitions and part from its internal growth. Not the least interesting of this is the Dusseldorf based subsidiary it set up in 1969. Now at 58p yielding 7

per cent. the 6.0 price earnings multiple is not looking for much in the next report and is discounting even less in terms of future recovery.

Another metal merchant, Tom Martin appears to have withstood the recent metal price fluctuations quite successfully. Aside from the Coley Metal acquisition last year, Martin's own profits increased by 7.5 per cent. in 1970 and group earnings, including Coley, rose from 4.7p to 5.8p a share. Benefits from the Coley take-over are expected to show through in the 1971 group accounts. At 88p the 3.6 per cent. yield and 14 p/e reflects this situation although the growth potential still leaves room for the share price to recover to its 1970 adjusted high point of 120p.

WHAT THE BROKERS SAY

In their second study of the construction industry Greene and Co. have looked primarily at the medium size companies. From a wide area of some 40 firms a "main recommendation" of GALLIFORD BRINDLEY emerges. It has the best growth rate—1180 per cent. trading profit increase over five years—of all the companies studied. Other choices are ERNEST IRELAND, F. J. C. LILLEY and for recovery BURNS ANDERSON.

Simon and Coates sees the present weakness of BRITISH AMERICAN TOBACCO as a buying opportunity. An 8 per cent. increase in trading profits is looked for although this will be pared down at the earnings level. Principally, however, it is argued that any major diversification could lead to BAT's being re-rated. Also studied in depth by the same broker BSR is recommended on the prospects for the cartridge recording market and the acquisition of Bulpitts which will broaden BSR's product mix.

In a "Retail Review" Capel Cure Carden suggests that the stores and food retailing sectors, which over the past year have outpaced the All-Share index will "see a quieter tone develop during the coming month." But on the longer view the broker's choice of shares to benefit from higher spending are the departmental stores DEBENHAMS, HOUSE OF FRASER, SEARS, GUS and UDS.

Likewise basing their case on an expected upturn in consumer spending next year Fielding, Newson-Smith are in favour of buying COURTAULDS now. The argument being that with the results for last year now out of the way the share price will not wait for the recovery in profits from the investment in new equipment. This broker also makes the case for clearing banks. Even after a 50 per cent. rise in prices, the shares are selling on an investment rating that is well below average. BARCLAYS is seen as the most attractive.

Unit trusts

Offshore fund sales still in the doldrums

BY KEITH LEWIS

THE GLAMOUR of offshore funds has been removed by three factors: legislation, the IOS and Gramco affairs and poor investment performance. And many of the seemingly advantageous freedoms these funds have enjoyed over conventional unit trusts have been seen to work in reverse.

Many were launched during 1969 when the "offshore" concept was very much in vogue, but at the same time that world stock markets were peaking. Over the first six months of 1970, the Dow Jones, Sydney and P.T. Industrial Ordinary indices had all lost 15-16 per cent., while Tokyo, which had seemed almost unstoppable, dropped 10 per cent. By the end of that year New York had picked up to show a small gain on balance but the Australian and Japanese markets had continued on the downward spiral and London had remained at the same depressed level.

Anticipated gains

The "gearing" that some of these funds had been able to introduce—in other words, the money they could borrow to plough into the market in order to exaggerate the anticipated gains—merely worked against the managers in the bear market. The absence of any penalties on switching within the portfolio (as opposed to the U.K.) prompted managers frantically to turn over stocks at high rates, and as fast as a fund was disinvested from one market into another the malaise caught up again and the overall depression was compounded.

The result of this has been had performance and subsequent disillusionment, and many of the unit trust groups in this country, which have offshore operations, have placed such funds virtually into cold

storage. It is significant that Save and Prosper and M and G both saw fit to launch authorised unit trusts specialising in Japanese securities, presumably because they could then promote them in the normal way and because the offshore label was no longer a desirable one.

From the U.K. residents' point of view, the advantages of offshore funds have never been that great, though investors in this country probably account for roughly half of the funds backed by U.K. groups. The last Budget introduced measures which further diminished their appeal (and that of orthodox unit trusts as well)—the abolition of short-term capital gains tax and the exemption of the first £500 of investments (not gains) from capital gains tax to encourage direct equity investment.

The result is that sales of offshore funds to U.K. residents have all but dried up and redemptions in most cases are running at a higher level than at any time last year. Target and M and G, for example, both admit to being small net repurchasers of units and Save and Prosper is buying back units "at a higher rate than we are accustomed to." Even Tyndall, which normally has tremendous unitholder loyalty, has felt an increasing volume. This, of course, fits in with the pattern of U.S. mutual fund and U.K. unit trust experiences.

However, some of the basic advantages of offshore funds remain. The ability to invest freely in any market in the world that seems appropriate, plus the deferment of capital gains tax liability and the avoidance of the investment dollar premium on switching, are all points worth remembering. And there is some indication now that the tax heavens are tightening up controls considerably where offshore funds are concerned. Bermuda, for

example, is understood to be putting far greater emphasis on disclosure and it is more difficult to get accounts passed by the auditors; this, of course, can only be a good thing.

The volatility of world markets is still evident in the investment performances of some of the more well-known funds this year, and only one, Ebor Channel Capital, has managed to outpace the F.T. Actuaries All-Share index so far. But then the portfolio is mainly made up of U.K. securities and there is little advantage over an authorised fund.

Some truth

Those funds specialising in Australia still have some of the best long-term records, though naturally the shake-out in that market has taken some of the cream off the top. Pan Australia

External, while down 10 per cent. at the end of the year according to Money & Investment and Unitholder, 76 per cent. in its life, years. The managers' claim there is possibly 6-7 p.e. downside potential now 50-60 per cent. upward may have some truth in it. However, there is no that for the more cautious, most sensible method of investing in offshore funds is life assurance policy. No does this iron out a lot of peaks and troughs but the often further tax advantages of the groups operating schemes but publicity is down to a minimum because it is feared that over-protection would cause some of the authorities, since schemes effectively sidestep Prevention of Fraud (Investments) Act.

Motor components

THE MARKET has not been slow to appreciate the higher potential for the manufacturers of car components. There has been some evidence of better earnings in the industry and recent orders from Germany worth over £6m. have been seen as a breakthrough, having the possibility of substantial expansion of sales on the Continent.

Among the companies that would benefit from this there is Robert B. Massey which, after a poor year in 1967, has since more than doubled its earnings to 5.9p a share. Recently it has set up a joint company in Belgium to manufacture refrigerated vehicles for the transportation of foods. Group activities include coachbuilding, distribution of cars, commercial vehicles and agricultural machinery in addition to motor components.

First-quarter results were encouraging and the current year could see a worthwhile rise in profits. At 88p the shares yield only 3.2 per cent. but give scope for growth on a p/e of 12.7.

Acquisition of Willenhall Motor Radiator has widened what Howard Tenens Services

has to offer beyond its export packing services. Dependence on the motor industry has created problems at times, but has been the basis for the good growth record over the past few years. The group's aim is to provide a series of integrated home and export services, and products to the motor industry. With established warehousing

POINTS IN BRIEF

IN A MARKET sector that is now at an all-time high, Sir Lindsay Parkinson, civil engineers has lagged behind and the shares are looking relatively cheap. From a turnover of £26.2m., some 12½ per cent. above 1969, pre-tax profits were £924,000 (£923,000) last year, due largely to increased costs on fixed price contracts. But current work in hand is now 40 per cent. higher at a record of £70m. and overseas operations are beginning to contribute to profits. At 152p yielding 4.4 per cent. with a price earnings multiple of 9.2, the rating is well on

and distribution functions and its proven management ability Howard Tenens is in a good position to raise profitability. But expansion through purchase may provide the greater proportion of future growth. At 162p the prospective p/e is 11.9. The next 12 months could see a significant upgrading of the shares.

the generous side of the index average, and 24 per cent. below its previous peak.

Since it came to the market at the equivalent of 120p in November 1968, Sealed Motor Construction has done all, and more, that was expected of it in terms of profits growth. Pre-tax they have risen from £486,000 to £762,000 in two years. But after jumping initially to 220p the price of SMC is now back to 146p—yield 3.1 per cent., p/e 17.1—and is looking set to move ahead again. The company manufactures circulating pumps for domestic and industrial central heating systems.

COMMODITY SHARES

Mitchell Cotts set to make up lost ground

BY JAY PALMER

ACCORDING TO at least one conventional measure of growth, Mitchell Cotts' performance does not come out anywhere near the top of the league. Adjusting the group's earnings per share for increases in capital, the forward progress since 1965 is precisely nil. However, statistics are flexible; the group argues that a similar exercise, conducted by an in-house economist, produces an earnings' rise of a fifth or more.

In any case the measure of earnings' growth has never seemed important to Mitchell Cotts share rating. Regardless of the fact that cash in the company's hands should be worth more than with the shareholders, the group has always tried to maintain a full—or nearly full—dividend distribution, and consequently the shares are primarily yield orientated.

Return on capital

Over the past five years the dividend cover—excluding miscellaneous receipts—has never exceeded 1.2 times, and for the past two years the group has made a maximum distribution. With all this implies for cash flow, the chairman, Kenneth Dick, suggests that a more sensible measure of progress is the return on net capital employed.

It so happens that from a 4.1 per cent. in 1961, the pre-tax and pre-interest profit return increased to 15 per cent. in 1968 before falling back to just over 12 per cent. last year. Over the same ten years, the actual net capital employed all but doubled to £34m.

Whatever academic and mathematical arguments are applied to measure progress or decline, the market is obviously more interested in maximisation of the total return—whether by share price appreciation or dividends. Perhaps then the most important factor of all is that the actual adjusted dividend steadily increased from 11p a share in 1961 to over 3p a share last year. Against this, the share price has risen from an all-time low of 11p in 1962 to an all-time high of 76½p in 1969. Currently the shares are standing at 58½p where they are yielding 8 per cent. and selling on 12 times 1970 earnings.

During the annual meeting last December, Kenneth Dick indicated that "the overall progress of Mitchell Cotts should continue." In spite of the profits for the first six months of the current year to last June being more or less unchanged, this prediction still holds good.

In common with most other overseas traders and merchants, Mitchell Cotts points out that its turnover figures have little value. So splitting pre-tax profits geographically, we can see that last year about 27 per cent. came from the U.K., Europe, the Americas and Australia.



Kenneth Dick

About 16 per cent. came from South Africa, 43 per cent. from East and Central Africa and the remaining 14 per cent. or so came from North Africa and the Middle East.

So far as there is a trend, it does appear that the main emphasis is being placed on growth within the first group. However, given that last year's South African profits were depressed by exceptional factors, the recovery there may overshadow the organic growth elsewhere.

In 1970 the S. African pre-tax profits dropped from £1.73m. to £1.34m. mainly due to losses in contracting following labour shortages, delays in material supplies and rising costs. However, after writing off some £0.6m. worth of unprofitable contracts, the group was well set

to make the most of the upturn this year. Indeed, with this subsidiary reporting preliminary results some weeks before the main group in London, its results could be taken as an indication of the main group's progress.

While the profits from the U.K., S. Africa, Belgium and the Americas will probably be ahead, they will probably have to offset the expected downturn in Australia, the Sudan and Uganda.

The Australian slowdown appears to be due to two factors.

First, the general decline in the economy in line with the Sydney bear market (from its high in early 1970) and the fall in raw material prices (especially wool). These have naturally enough produced a mini-depression and caused industrialists to revise their production targets downwards. Second, Mitchell Cotts was too optimistic in its 1970-71 predictions and it is now having to live with a slight degree of over-expansion.

However, the problems in Australia are small compared with those in Sudan and Uganda, although in fact as things have turned out, the Ugandan situation has been resolved quite satisfactorily. The position was that all overseas companies were placed on a nationalisation list, and the group seemed certain to lose control of its

local subsidiary. However, following some lengthy negotiations, the whole idea—at least as far as Mitchell Cotts is concerned—has been cancelled, and the group is back to square one. While this will have had little effect on the year's profits, it does seem likely that there will be a small profit hiccup given the effects of the April and May droughts on the tea yields.

In the Sudan, the position is far less hopeful and there has been no progress whatsoever in the compensation negotiations since the recent political turmoil. Following the nationalisation of the group's interests in May 1970, the whole question of compensation was laid before a special governmental board which has yet to make its decision. It does seem likely that the award—based on a low valuation of the group's assets—will be paid in low yielding unnegotiable Government bonds on long redemption. While the loss of the Sudanese profits—about £400,000 to £500,000 gross in 1970—will not amount to all that much in terms of the group's net performance given that these profits were highly taxed in the Sudan, there will be a very real loss in London earnings. In the past, the London profits from buying and insuring goods bought for and shipped to the Sudan amounted to about £0.75m.

Trouble spots

In spite of this, the group still confidently expects to meet its implied forecast of better profits, and this is no less than its history would suggest. In the past Mitchell Cotts has successfully disinvested out of many world trouble spots (including Aden, Saudi Arabia, Syria and Egypt), and the loss in earnings has always been quickly made up.

With such a historical tradition of compensating for lost earnings and at the same time largely avoiding political embarrassment in the sensitive African countries, the group does not deserve a "low quality" earnings tag. However, the very nature and spread of the activities means that the share are unlikely to be re-rated to any large extent by the market.



Current estimated annual gross yield

22% up since 1st January, 1971.
44.8% up since units were first offered in March, 1965.

In seeking high income from your investments, you should not ignore the opportunities for capital growth. Most fixed interest investments such as bank deposits, building societies and national savings provide no growth prospects and often offer lower rates of interest. By investing in Vavasasseur High Income Trust you can obtain not only the high income you are seeking but prospects of capital growth also. With improving profits likely to come from the measures introduced in the October, March and July budgets, together with the benefits which may accrue from our probable entry into the Common Market, we

believe that share prices are likely to continue rising. The portfolio is concentrated in:
U.K. Industrial Shares 51%;
U.K. Ordinary Shares 13%;
Commodity and Plantation Shares 30%;
Miscellaneous 6%.
Preference shares have been avoided because they seldom offer growth prospects. Remember the price of units and the income from them can go down as well as up. The Managers urge you to invest now whilst many shares still offer a combination of high yield and good recovery prospects.

Vavasasseur High Income Units

are now on offer at 36.2p each until 7th August 1971.

To take advantage of this offer, simply complete and post the application form below, enclosing the remittance. The minimum investment is 200 units and thereafter in multiples of 20. The table of unit costs is set out below.

Shares and Gilt Exchange scheme—a means to obtain a spread of investment in shares without the risk of investing in individual shares.

Under this scheme you can exchange for units, quoted securities and Government Securities. You may receive a favourable price, and the sale of the securities would be free of commission and stamp duty. For details, tick box in application form.

Payment of income If you take advantage of this offer of units you will receive your first distribution of income on 22nd December 1971, the second on 22nd June 1972, and thereafter twice yearly on those dates. The vouchers which accompany the distributions will be accepted by the Inland Revenue in support of a claim for relief of tax.

Applied units will not be acknowledged but certificates will be sent out on or before 15th September. The offer may be closed earlier should the price vary by 2.5% or more. After the close of this offer units will be available at the daily quoted offer price. Current offer and bid prices are quoted daily in most national newspapers, and are calculated in accordance with the Department of Trade and Industry Regulations.

An initial service charge of 6% is included in the offer price of the units. Out of this the Managers pay all costs in connection with the sale of units, including 1% commission and an extra 5% on units sold after 1st January 1972. To meet administration costs of the Managers and the Trustee, a half-yearly service charge of 10% of one per cent is deducted from the gross income of the Trust.

The Trust was constituted by a Trust Deed dated 14th September 1969 and authorised by the Department of Trade and Industry, Advertising Supplemental Deeds are dated 22nd June, 1970, 25th September, 1970, and 14th May, 1971. Copies of the Deeds may be obtained from the Managers.

To Vavasasseur Unit Management Ltd, Dept. C, Dominion House, 37-45 Tooley St, London SE1
Sales Office: telephone 01-407 8751 (24 hour answering service).

I/We wish to buy _____ units in VAVASSEUR HIGH INCOME TRUST at 36.2p per unit (minimum holding 200 units).

I/We enclose a remittance of £ _____ payable to Midland Bank Limited. (Block Capitals Please)

Signature(s) _____
Mr. Mrs. _____
Christian or First Name(s): _____

Address: _____

☐ Tick this box for automatic re-investment of net income. ☐ Tick this box for details of monthly Savings Plan. ☐ Tick this box for details of Share Exchange Scheme. ☐ Tick this box if you are an existing Vavasasseur unitholder.

Vavasasseur

GROUP OF UNIT TRUSTS

High Income Trust

Finance and the family

Accounts for remaindermen

OUR LEGAL STAFF

Accounts have to be left to remaindermen on property among them death of a life tenant? accounts showing the capital comprised in late, and the various items which have taken a capital account since then. In other words, it accounts for the remaindermen to be able to find out what you have done to the sum which you have divided among really does accurately at the original capital.

Wives' wances

This year you reported a High Court decision through the wording of the Finance Act was the phrase "for each year if more than one" interpreted literally in the case of the claw-back on allowances. As a result, a lot of families were due for a tax rebate. The 1971 Finance Bill this and, if so, how? The Finance Bill proposes to allow the law in respect of claw-back on family allowances. Individuals therefore who have not made such a claim will not be able to obtain any tax rebate. Those individuals who pursued such a claim will be liable to repay the tax to April 5, 1971.

Methods of drainage

Family built a house with a tank, but mains sewage laid past my house to I do not wish to be affected. In a reply on July 16 you said that a authority could not force a sewer to change his method of drainage, provided existing method was safe. Does this apply to and?

Answer to the question above: The local authority could force to change your method of drainage, but only if your arrangements were unsafe. The fact that you do not use the local authority sewerage system does not, how-

ever, affect your rates or rateable value, so you pay no less for not using it.

An outstanding mortgage

The lawyer of the builder who built my house gave an undertaking to pay off the mortgage within 14 days of completion. This has not been done and the builder is in the hands of a receiver. The building society is pressing my solicitor to pay. What should I do?

The situation is that the mortgagees of the whole of the land, not having been paid, are undoubtedly entitled to be paid, and, if they are not paid, they are in a position to sell the land and recoup themselves out of the proceeds.

We think that you will have to have recourse against the builder's own lawyer, who gave his undertaking in relation to the discharge of the mortgage. The building society's threats

should be redirected to him. However, we consider that your own solicitor was taking a very big risk on your behalf in relying upon an undertaking—even one from a fellow solicitor—instead of refusing to complete whilst the mortgage was outstanding. If you cannot ultimately recover from the builder's solicitor for any reason you will undoubtedly be able to recover from your own solicitor.

Title deeds in Scotland

Referring to the first item in your issue of May 1 under the heading, Missing Title Deeds, does the position differ in Scotland? Would authenticated copies of dispositions made from HM Register House, Edinburgh, meet the situation?

What gives you the real title to your land is what goes in the Register. It follows that an

authenticated copy of what is on the Register is just as good evidence of the title as the original deed. Many solicitors do not like accepting such copies, but there is no reason why they should not, and they must accept them.

A negligent decision

A bank and a solicitor are company executors and co-trustees of my late father's estate. The bank, without consulting the co-executor, failed to convert some stock, as to which the latter said he would certainly have advised it to be done if he had been consulted, and as a result the estate suffered a substantial depreciation. However, the solicitor says that if I wish to take proceedings against the bank, he cannot act for me as his firm already acts for the bank. What do you think I

No legal responsibility can be accepted by the FINANCIAL TIMES for the answers given in these columns. All inquiries will be answered by post as soon as possible. No charge is made for this service except in relation to investment matters.

should do? Could I apply to have the bank replaced?

This appears to have been a clearly wrong and negligent decision taken wrongly by the bank alone, and we consider that you or any other beneficiary would have a good cause of action against the executors—now trustees—for negligence accordingly.

We can see the difficult position in which the solicitor is placed, since as one of the trustees he will have to be one of the defendants to the action, quite apart from the fact that his firm act for the trustees as such.

Apart from damages, we think that the Court might well entertain an application for removal of the bank as trustee, although this is less certain: the Courts are in general loath to penalise a trustee in this fashion in respect of a single slip, doubtless made negligently, but not deliberately.

Right to trim bushes

Is one entitled to trim bushes which render walking along public footpaths dangerous or which could damage clothing?

It is always perfectly lawful to abate any nuisance which is a public nuisance, such as (in the present case) the obstruction of the public highway. You are therefore well within your rights in cutting off any such offending growths which impede your progress. You must not convert the parts cut off to your own use: normally you will simply leave them lying where they have been cut off.

Property bond taxation

The third paragraph of our reply last Saturday headed property bond taxation was incorrect and should read as follows:

The income of property bond and equity bond funds bears income-tax at the rate of 37½ per cent, any additional tax paid being recovered by the fund under S.310 of the Income and Corporation Taxes Act, 1970.

Insurance

Disability cover again

BY JOHN PHILIP

FOLLOWING my description of the principal differences between annual and non-cancellable disability insurances I now want to concentrate on some features of these latter policies, which are still not widely sold. Partly this is because many of the companies seem to be looking over their shoulders at their past unsatisfactory experience and remain uncertain whether or not to broadcast the news that they are in this line of business. Nevertheless, at the present time there are some dozen companies in the market, so that the prospective purchaser has a fair range of policies and premiums from which to choose.

Premiums

Taking premium first, obviously to make comparisons we must have a specific amount of benefit against which to measure premium and also have in mind a policy holder of a specific age. The following figures are given for a 35-year-old professional man buying benefit of £10 a week to retirement at age 65.

For a policy that pays after a waiting period of 13 weeks, the annual premium will range between £9.80 and £14.70, the most expensive policy costing roughly 50 per cent more than the cheapest. There is a similar price range if he requires a policy to pay only after 6 months have elapsed: the cheapest policy here is £8.10 and the most expensive £12. Despite this price range there is only a pound or so's difference between the majority of insurers, so premium is itself not the decisive choice factor. Premium is, of course, related to insurers' exclusions and the prospective purchaser should look carefully at the range of excluded sports, pastimes and so on before making his choice of company.

Though insurers' age limits for acceptance are in the same broad bracket—20-55—a few insurers recognise that 18 is now the new age of majority and will accept proposals from new adults. At the other end of the age scale a few insurers will set cover to proposers in the 55-60 age bracket. Several others set their upper age limit not at any fixed age but 5 or perhaps 10 years in advance of the proposer's expected retirement

date. This to practice for the majority of proposers brings insurers back to a 65-60 age limit for acceptance.

Insurers have a further difference of opinion over the question of whether the policyholder should be required to continue paying premium for his cover during any period of disability for which he receives benefit. Roughly half the market is prepared automatically to waive premiums in such circumstances, but the other half require extra premium before agreeing to such a waiver.

Traditionally the amount of benefit agreed at the outset is a level sum payable however long the period of disability lasts. So the policyholder who suffers long-term disablement in these inflationary times inevitably must see the purchasing power of his insurance diminish. A development, which is gathering support of an increasing number of companies, is the offer of cover with increasing benefits, normally in the range of 2½ to 3 per cent per year compound.

Medical evidence

As in the life assurance field, all insurers require medical evidence. So no one should be misled by the phrase "no medical limits" because in any event he will have to complete an extensive proposal form answering a number of questions about his health. Depending on his age and/or the level of benefit he wishes to obtain, the proposer may have to submit to a physical examination by the insurers' doctor.

Just as annual disablement policies can be written both for individuals and for groups, so too can non-cancellable cover be arranged. Here also there are upwards of two dozen insurers offering cover. So any employer contemplating establishment of a sick pay scheme for the welfare of his staff should consider whether or not to spend the extra premium required for a non-cancellable scheme rather than cut his costs and moreover the protection afforded his staff, by opting for the more usually purchased annually renewable scheme.

Non-cancellable group schemes can be arranged for as few as five members though most insurers prefer to have at least 10 and often more. Almost with-

out exception group cover includes automatic waiver of premium for any member of sick and receiving benefit. Moreover, the great majority of companies are prepared to issue policies with increasing benefits. So, broadly speaking, group cover can be more advantageous for the group member than an individual policyholder.

Turning now to the tax aspects, the individual policyholder cannot claim any tax relief on his premiums as he can on life assurance premiums. Strictly his benefit is taxable but as a matter of practice the Inland Revenue do not tax disability insurance benefit (whether under an annual or non-cancellable policy) until the policyholder has had benefit paid for a full tax year. Thus, most policyholders will never be called upon to pay tax on their insurance money. When tax does become payable, benefit is reckoned as unearned income.

With the group schemes different tax rules apply. The premiums the employer pays are normally treated as a business expense which can be set against the Revenue's demands for corporation tax. The advice of an accountant or other tax expert is advisable as to the precise terms by which benefit under a group scheme reaches the employee.

Tax rules

If the cover is arranged for the employer to go on paying his staff throughout prolonged incapacity, then from the employer's side the benefit is taxed as income in his hands while from the employee's point of view the weekly policy benefit is treated as income from the outset and the employer will have to make PAYE deductions, which should balance his own tax liability. If, however, the benefit is payable by insurers either direct to the employee, or to trustees on his behalf, then the benefit is treated as unearned income, as under an individual policy, so the employee has to be paid for a full tax year before he becomes liable to tax. In this kind of scheme payment is made gross to him.

I should add that these rules apply to non-contributory schemes and that with those schemes where employees contribute part, or all of the premium expert advice should be obtained on tax aspects.

TAXATION AND THE INVESTOR

Proposed reforms in Canada

BY JOHN CHOWN, TAXATION CORRESPONDENT

THEIR years of discussion, the Canadian Government has now introduced a Tax Bill which is intended to make sweeping changes in the whole system of taxation. The Bill is, of course, yet law, and must go through various Parliamentary stages over the summer recess. It is intended to come into force on January 1, 1972, although some of the proposals have a later effective date for transitional reasons.

Both the Carter Royal Commission, which reported in 1968, and Mr. Benson's own White Paper, published in November, 1969, aimed for a 50 per cent rate of personal tax coupled with broadening of the tax base, mainly by the introduction of a Capital Gains Tax. It soon became clear that to implement a 50 per cent top rate would be a politically unacceptable increase in the burden on the middle-income group.

Top tax rate

The top rate of Federal tax now to be 47 per cent on taxable income in excess of \$80,000, the provincial governments would normally be entitled to effect 30 per cent of the total tax due in the federal government and this will make the effective top rate 61.1 per cent. In addition, including this level, the old and new rates are much the same, but the old tax scale was on a sliding scale, which had an effective rate, including the provincial surcharge, was 52.4 per cent. Some relief has, in effect, been given by cutting off the top of the scale. Within the framework of an expansionary Budget, it has also been possible to give substantial relief from taxes to the lower end, in the example, \$750,000 people from tax altogether.

There are substantial increases in the deductions permitted for contributions to pension plans and other forms of deferred compensation. This will increase the influence of pension funds in the Canadian market. A tax penalty is being introduced which will effectively preclude pension funds from investing more than 10 per cent of their assets outside Canada.

The rate of corporation tax will continue at 50 per cent, for 1972 (the temporary surcharge on personal and corporate tax liabilities came to an end on June 30). The rate of corporation tax

will be reduced by one percentage point each year until it becomes 45 per cent by 1976. Private companies not controlled by public companies will pay 25 per cent (to be reduced to 20 per cent) on the first \$50,000 of profits until their reserves reach a level of \$400,000.

Distributed profits will be taxed on the imputation system already familiar in France and as one of the alternatives put forward in the United Kingdom Green Paper on the Reform of Corporation Tax. Canadian resident shareholders will be entitled to treat a sum equal to one-third of the dividend as an imputation. If the actual dividend is \$300, implying underlying pre-tax profits of \$900, a shareholder will have to declare the \$300 plus the imputation of \$100 as his taxable income but will be able to deduct the \$100 from the tax liability so computed. This is not as big a change as might be thought, as under the old system a Canadian shareholder could take a credit for 20 per cent of the dividend without being required to treat this as an imputation. On the same \$300 dividend he would deduct only the \$300 but could deduct \$60 from his tax liability.

There appears to be no intention to extend the credit to non-residents as France is now doing. Non-residents will continue to suffer withholding tax at the rate of 10 per cent for companies having the required "degree of Canadian ownership" (which means in practice nearly all portfolio investments) or 15 per cent on dividends received by foreign companies on Canadian subsidiaries. It is intended to increase these rates to 20 per cent and 25 per cent after 1975, subject to the provisions of double tax agreements. It is expected that the agreements with countries such as the U.K. will continue to specify the present rates, and that the higher rates will only fall on "tax haven" residents.

The aspect of the reform most likely to interest the investor is that Canada is to introduce capital gains tax for the first time. The general rule will be that half the gain will be added to regular income, making the effective top rate of 30.55 per cent, for individuals. The same principle will apply to corporations which will therefore pay 25 per cent on their gains. One day, towards the end of this year, the Minister of Finance will announce "valuation day." This will be the equivalent of "Budget Day 1965." For assets held prior to the start of the system, taxpayers will have the choice of using actual cost or valuation day value as the starting point. The position is substantially the same as in the U.K. and is a variant on what was originally suggested. The proposals to charge tax at full income rates for transactions in non-Canadian shares and to tax unrealised gains every five years have happily been dropped.

Non-residents will not be subject to capital gains tax on their investments in Canadian portfolio securities. Subject to double tax agreements, it is proposed that there should be a liability on the disposal of real property in Canada, on business assets, on shares in Canadian private companies and shares in Canadian public companies where the non-resident applies alone or with associates owned 25 per cent or more of the capital during the previous five years.

The solution to be adopted in Canada will be to tax the gains realised by the trusts at 25 per cent in the first instance but to permit the after-tax gains to be allocated to a "capital gains trust account." An investment company or mutual fund can either the same year or later, distribute capital gains dividends and make a reclaim of tax. The shareholder treats the capital gain dividend as if it were a capital gain. This is a more equitable procedure than the U.K. certificate procedure as it enables the shareholder to take advantage of a personal effective rate of tax on capital gains of less than 20 per cent.

Emigrants

Emigrants from Canada will be treated as having disposed of all their assets at market value on the day they leave the country, subject to an exemption for the first \$5,000 of gains. Immigrants will be taxed as if they had disposed of their assets at market value on the date of their arrival. In other words, individuals who change residence will be taxed on gains whether realised or not, accruing during periods of Canadian residence but not on gains accruing while they are resident abroad. There is a procedure by which emigrants can, given suitable security, defer paying tax on capital gains at the time they leave.

Capital gains tax will be imposed on assets passing on death or by way of gift, but no tax is payable on gifts or bequests between husband and wife or to trusts giving the surviving spouse a life interest. The Canadian Government recognises that to impose capital gains tax on estate duty at the same occasion would be an unreasonable burden. They have chosen the opposite solution from that adopted in our own recent Budget and are abolishing Federal estate and gift taxes. The Provinces will, however, continue to have the right to impose such taxes.

Canadian investment companies and mutual funds will continue to be able to channel dividend income through to the shareholders without penalty. The introduction of a capital gains tax introduces the old problem of potential double taxation of gains. If nothing special were done, an investment trust would have to pay gains on its own realised gains. When the investor came to realise his shares in the investment trust there would be a second level of tax.

More important, we have now had confirmation that it is intended that capital gains distributions shall not suffer withholding tax when paid to non-residents. This means that a non-resident who invests via a Canadian resident investment trust does not suffer capital gains tax providing that the trust distributes all its capital gains. In contrast, a non-resident investing in a U.K. investment trust or unit trust would be unable to reclaim the capital gains tax suffered on the trust itself.

In the U.S. both the distribution and the certificate procedure have been available. Since it was made clear that distributions to non-residents were not subject to withholding tax, one of the major disadvantages of U.S. regulated funds to non-residents has been removed. The doubts I expressed in earlier articles and in the new edition of the International Fund Year Book have been removed. Non-resident investors can now work on the assumption that Canadian investment companies have virtually all the tax advantages of offshore funds registered in tax havens, plus the considerable additional advantages of close regulation to protect the public.

Six farm policy disruptive—Humphrey

COMMON MARKET housewives probably spend an extra \$2,500 a year on their food bill—because of the EEC farm policy, which does not allow members of the Six to buy cheaply in world markets.

This estimate of one of the costs of Common Market membership was made in London last night by Senator Hart Humphrey, a former U.S. vice-president.

"Disillusioning"

He told a meeting of the Trade Policy Research Centre that the EEC's farm policy had become a "major disruptive force" in world agricultural markets. Unless the policy was reformed, the enlargement of the Common Market could have a further disillusioning effect on the U.S. attitude towards Europe, he said. Senator Humphrey maintained that the EEC had taken a series of steps which added up to a shift from multilateral trade to the formation of a preferential trading bloc, contrary to the principles of the General Agreement on Tariffs and Trade.

That had brought about the rise in the U.S. of the slogan, "European trade is not fair trade." American farmers had become more outward-looking, seeing the world as their market place. Because Europe fixed support prices for key commodities at roughly double world prices, that stimulated the production of surpluses which were off-loaded on world markets at subsidised prices, he claimed.

So non-members of the Common Market club were losing market share outside and inside the Community.

According to U.S. officials

BOAC Far East cheap trips: verdict next week

BY RAY DAFTER

BRITISH Overseas Airways Corporation said yesterday it hoped to receive a Government decision next week on its application for cheap charter flights to the Far East.

BOAC's charter subsidiary, British Overseas Air Charter, has applied to operate three flights a week (1170 return) to Kuala Lumpur and Singapore. The normal economy fares on scheduled services between Britain and South East Asia are about £20 single and £40 return. A BOAC spokesman said yesterday that the aircraft would be chartered by a third party, such

figures, the cost of the Six's national farm policies was about £1,750m. a year. To that must be added the £1,000m. a year of the common agricultural policy. On top of that, high food prices in the Common Market probably cost consumers £2,150m. to £2,500m. a year more than they would pay if food were available at world prices.

Pregnant women "should not smoke"

THE U.S. GOVERNMENT now has enough evidence to show that cigarette smoking by pregnant women is harmful to newborn babies, according to a Washington official.

Dr. Daniel Horn, head of the National Smoking Research Clearing House, was announcing a national crusade to stop mothers from smoking "at least long enough to give the babies a fair chance." Babies born to mothers who smoked heavily "come into life with a handicap," he said.

"More than 15 studies" have shown that smoking mothers have a far greater number of premature babies than non-smoking mothers. And this is a danger in itself because premature babies have a poorer hold on life anyway.

A new report by the U.S. Surgeon-General had just analysed 100,000 babies and found that the infants of smoking mothers weigh six ounces less, on the average, than babies of non-smoking mothers," Dr. Horn added.

As a travel agent, passengers would be able to use the flights to make connections with normal services to other destinations.

£1.5m. loans to National Health doctors

NATIONAL HEALTH doctors borrowed nearly £1.5m. last year to buy or modernise their surgeries, according to the General Practice Finance Corporation. The Corporation gave 240 loans on 310 applications.

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of progressively paralysing Multiple Sclerosis in the U.K. alone. The cause and cure of this terrible disease are unknown. What is known is that it usually strikes between the ages of 15 and 35 and that 2 out of 3 sufferers are women. The Multiple Sclerosis Society relies heavily on voluntary donations for research and the care and welfare of its members. Please help.

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Motoring

Golf

Bridge



Left to right, the Volvo, Reliant and Rover

Three 3-litres compared

BY JAMES ENSOR

THE GREAT advantage of three-litre cars is that they have enough power to make automatic motoring practical without too much loss of performance. Compared with the typical two-litre, they are quieter and smoother, so that they can be much more relaxing to drive. Generally they are six or eight cylinder engines which naturally reduce noise and vibration considerably compared with a four-cylinder.

I have been comparing three of the best three-litres on the British market, the Reliant Scimitar GTE, the Volvo 164, and the Rover P5B. The Volvo 164 is an entirely different type of car. It is a solidly built, large, well finished

large rear door which permits bulky items to be carried in the rear passenger compartment. Its fibreglass body will not rust and, I am assured by the experts, will provide better impact absorption in an accident than a steel body.

For those prepared to accept a degree of noise and harshness for the sake of an exciting car, the Scimitar GTE must be the best buy. I certainly enjoyed its driving qualities more than either of its two, more sober rivals.

The Volvo 164 is an entirely different type of car. It is a solidly built, large, well finished

	THREE LITRE AUTOMATICS			
	Power Speed bhp mph	Acceleration 0-100 sec	Weight cwt	Price £
Reliant 128	114	18	25	24-26
Rover 161	115	18	29	20-22
Volvo 130	107	20	30	20-22

with an impressive array of extras such as head-rests, hazard flashers and a dipping rear view mirror. It is a car which grows on you the more you drive it. At first I found the slab-like seats rather hard and the large steering wheel a bit truck-like. But after a time, I realised that the seats, which are designed with the benefit of medical advice, produced less back-ache and strain than the softer seats of some other cars.

The performance is less striking than that of either the Rover or the Scimitar, especially when accelerating uphill, but one soon adjusts to driving in a more measured style. The brakes, stop the car reassuringly quickly. Safety, in fact, is a key Volvo point—the company has done more pioneering work than any other to improve vehicle safety. As well as the safety cage body, the 164 has

numerous less obvious safety features such as seat belts which automatically tighten in an accident and the brake lines which are made from galvanneel steel piping to prevent corrosion and cracking.

The Rover is certainly the most refined of the three-litre cars. It is notably quieter and its powerful V8 engine is much smoother than any of the others. Its seats, well padded with leather, seemed the most comfortable and its large clear instruments and fingertip controls are the best of any car on the market. The car I drove was fitted with optional power

steering which made it very light to drive and reduced the parking load but did seem to reduce some of its excellent road feel. Still it was much lighter to park and manoeuvre than the other two cars which would be heavy for women drivers.

The Rover has less room in the rear seats and less luggage capacity than either the Volvo or the Scimitar. Like the Volvo, it is impressively solidly constructed, but I suspect it does not have the quite outstanding durability of the 164. It is such a well-designed car that I feel bound to select it as the world's best three-litre—exceptionally good value for money.

I must add the qualification, though, that the safety features and durability of the Volvo or the sporting character of the Scimitar GTE might appeal more to drivers who incline towards these aspects.

They nearly had 59's

BY BEN WRIGHT

CRANS-SUR-SIERRE, July 30. TWICE within an hour on this glorious sunlit evening high in the Alps, the magical hut on the elusive score of 59 in a professional tournament—12 under the par here of 71—came within inches of being accomplished in the third round of the Swiss Open Championship.

First, Peter Townsend smashed a great drive up the slope through the narrow avenue of giant fir trees to the 16th green 310 yards away and immediately started thinking of the eagle two that would have put him 11 under par. This would have meant that he had only to make one birdie three at either of the last two drive and flick holes to score 59.

Narrow miss

Alas, when he reached the green the ball was fully 40 feet from the hole. Townsend's marvellous putt tipped out, and so he now required two threes to finish in a total never recorded in an official tournament anywhere in the world.

Once Sam Snead scored 59 on his home course at the Greenbrier Club, White Sulphur Springs, Virginia, in a tournament named after him. But this was not an official USPGA event. Until this evening Tom Haliburton's first round of 59 in the 1952 at Worthing ranked as the British tournament record.

This appeared to be at Townsend's mercy when he pitched six feet from the 17th hole. But the mental barrier that makes the figure of 59 so difficult to achieve fell like a guillotine on the neck of the 24-year-old Englishman. He hooked the putt so badly the ball did not even touch the hole, and from 11 feet at the last, poor Townsend repeated the mistake. And so a magnificent score of 59, including an inward half of 29 shots that beat the course and championship record by three strokes, became almost disappointing.

It was all the more so half an hour later when the gangling 18-year-old Italian, Baldovino Dasso, British Youth Champion last year at Dalnahooy and a professional for only four months, came to the last hole needing to hole his second shot for a total of 59. Dasso's beautifully controlled wedge shot pitched a yard in front of and above the hole, and screwed down the slope just six short inches from the pin. And so by

tapping in the putt the Italian set a new British and European tournament record of 60.

Ironically he has previously failed completely to make his mark as a professional after an amateur career that glittered with promise.

Dasso too came home in 29 shots, six under the par for the distance. He thus ousted Townsend (70, 69, 81—200) from the lead to add insult to injury with rounds of 69, 69 and 80 for a total of 198, 15 under par. To complete the drama the joint overnight leader Manuel Ballesteros of Spain missed a putt of no more than four feet on the home green that, had he holed it, would have given him the outright lead. As it was he had to be content to share it with Dasso with rounds of 69, 67, and 65.

On 202, four shots off the pace comes the gallant Ryder Cup captain Eric Brown after rounds of 67, 68 and 67, striking a blow for Scotsmen and veterans—while the halfway co-leader Tieni Britz of South Africa could only match par to-day to finish on 204. Roberto de Vicenzo (Argentina) and Angel Gallardo (Spain) come next on 205, and group of four, Billy Casper (USA), Mr. Lu (Formosa) and Britons Lionel Platts and John Garner are on 206.

The course was playing even easier to-day than before in the absence of even the gentlest of breezes. But Townsend's majestic golf was in keeping with the flawless weather. The snow capped Alps glittered in the unbroken sunshine across the heat haze-filled Rhone Valley—the most perfect imaginable day for golf, reflected in the fact that 34 of the 86 players broke 70.

It is worth recording that Townsend, after a sound but by no means outstanding start, was no fewer than eight under par for the nine holes between the eighth and 16th. His figures for that stretch were 24-23-33-3. He holed from ten feet on the eighth green, having used a six iron at a hole measuring 190 yards. A drive and four wood shot left him only a foot short of the ninth green 820 yards away.

Townsend hit the first of only two bad shots by coming up just short of the tenth green with his wedge, but got down in two putts. He hit the green at the 220 yards 11th hole with a four iron shot, and once again holed from 10 feet. A 12 foot putt went down for birdie at the 12th and then Townsend hooked a

five iron shot 15 yards left of the 13th green, but redeemed himself by chipping a yard from the hole for his par.

At the 580 yards 14th hole Townsend was only 6 ft short of the putting surface with a three iron second shot. But he chipped with his nine iron straight into the hole for an eagle from 25 yards. He holed from 12 feet on the 15th green, and then came that superb drive to the 16th. This deserved a greater reward, since Townsend struck the ball with such power and conviction through the eye of the needle that he then merely bent down to pick up his tee, and did not even bother to follow the flight of the ball.

The immensely promising Englishman had never before scored below 64 in tournament play. "As he said somewhat ruefully: 'I may never get a better chance of breaking 60 in my life, and I finished with three threes in the first round.'"

The likeable Dasso was even more effective with his putter than was Townsend, who required only 28 putts. Dasso's putter has given him terrible trouble of late, but to-day he had ten single putts in a total of 24 holing five from under 20 feet.

This tall, slender son of a wealthy manufacturer of industrial polishes in his native Florence, only turned to professional golf as a respite from studies, which he does not enjoy. He has found it difficult hitherto to play tournament golf week by week because he has a nervous disposition and appears none too strong physically. He previously geared himself up as amateur for perhaps six or seven events each year.

Sleepless night

I would like to bet that he will not sleep soundly tonight, and I give nothing for his chances tomorrow. But to-day he beat his previous best score by no fewer than seven shots. He had two rounds of 67 when winning the British Youth title last year. He had previously finished runner-up in the same event to the British player John Cook in 1969, and ironically the latter has failed to qualify for the final two days here.

Dasso got away to a dream start with five birdies in the first six holes. His finish was even better—six birdies in the last seven. And how Townsend must have yearned for Dasso's finish of three successive threes.

Answering service

BY E. P. C. COTTER

THERE IS such a wealth of new conventions and strange gimmicks forced upon the Bridge world that it is almost impossible for any player, even the regular tournament competitor, to keep track of them. Seeing the need for some book of reference, Terence Reese has recently brought out *Bridge Conventions*. Finesses, and Coups (Constable £1). This attractive paperback lists alphabetically not only the bidding conventions but also the coups and tactical moves in play, which are described with the author's customary conciseness and clarity.

Many players who have only an imperfect understanding of when the hold-up with a double stopper in the opponents' suit might be employed, will find that this book comes to their aid. Let us consult Hold-up Play and find this hand:

N.		E.	
♠ A92	♠ KJ4	♠ 1053	♠ J7
♥ KQ8	♥ 1053	♥ 98763	♥ A4
♦ 1053	♦ K82	♦ A4	♦ J742
♣ 9853	♣ 9853	♣ K64	♣ A82
		♣ 1073	♣ A105

With neither side vulnerable South opens the bidding with one (weak) no trump and North raises to three no trumps. West starts off with the five of spades, dummy contributes the two, and East plays the Knave. The question is, must South let the Knave win, and if so, why?

It will be most helpful to see what happens if the declarer wins the first trick, either in hand or on the table, and starts to set up the diamond tricks necessary for his contract. East will take the first diamond with his Ace and return a spade, allowing his partner to clear the suit while he still has the King of diamonds. This means inevitable defeat for South.

On the other hand, if the declarer holds up at trick one,

East can return a spade to knock out one of the stoppers, but when he gets in with the diamond Ace, he has no spade to send back. The hold-up has deprived East's entry of its value, and this gain of a tempo is enough to bring home the contract, and fails only if the defender with five spades has both the diamond honours.

Now let us turn to *Trumps*. Promotion and put ourselves in West's seat:

N.		E.	
♠ 95	♠ Q1093	♠ K1076	♠ 102
♥ K83	♥ J5	♥ AK764	♥ 1073
♦ K1952	♦ J94	♦ 52	♦ AQJ764
		♦ 82	♦ AQ83

East deals at a love score, and after a pass South bids on spade. North has a difficult response but decides on two clubs, and raises his partner's rebid of three spades to five spades.

West gets off to the best lead of the Knave of hearts, which is covered by the Queen and King. East sees nothing better than to continue with the Ace another heart, and the declarer ruffs high with the Queen in trumps. If West had held the ten instead of the eight of spades, he would have been confronted with a familiar situation and would have seen that he could promote two trump tricks for himself by refusing to over ruff. As the cards lie, the prospect of making a second trump trick is by no means certain, but West discards all the same, as it cannot be to his advantage to overruff. The refusal to over ruff is generally right in such circumstances.

West reaps the reward for his foresight when his partner turns up with the ten of spades. This is enough to promote the eighth and establish a second trump trick to defeat the contract.

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1070 ROVER

How to spend it

Cheap lawnmowing with or without the cord

The Black and Decker hedge trimmer is an easy-to-use one. The good, loog, 18-inch blade—which seems to be longer than others I have seen—covers a big area and gives a nice, clean sweep of two-way cutting on its double edges. Mains operated, the DNJ 452 is double insulated and sells at about £14. The Black and Decker Lawndrette electric mower is also a super little job, which makes mowing a simple job as pushing a vacuum cleaner. I have seen it used by children and by a lady with arthritic knees. Both got along with it excellently. I enjoyed using it, on small lawns. The price is about £10 (D484), with a 12-inch cut. The less tough plastic one is £7.50 (D485). No grumbles about those prices.

Cordless

Even so, there is always that cord which worries so many people. Cordless mowing of the same genre is offered by Qualcast's Superlite. This has a 12-inch cut and runs on a 12-volt

battery which plugs into the mains for recharging. Used by a friend's mother who suffers rather badly from arthritis in arms and shoulders, this is also simple to use. The arthritic lady says "it never runs away with her," which is another reason for her liking it. The price is £33.75 (widely distributed but Qualcast's address, for inquiries, is Sunnyhill Avenue, Derbys).

Decorative stone work

I have always been a fan of Redland Tiles for walls and screening walls and garden patios. The range and the colour of paving is not always my cup of tea—while loving colour, I do not really go for lilac tiles. But the Cotswold, Slate Blue et al are good, and all the colours look great in rough Kentstone walling. Come to think of it, that lilac would probably be wonderfully cool in hot spots.

The decorative walling is anything you want it to be—Italian, modern, traditional, or just geometrical. The leaflet is well worth sending for—it includes sealed, diagrammed planning sheets to help you landscape your own place. The address is Redland House, 42, Kingsway, London, W.C.2.

Cheaper Digital Clock



Another digital clock, you are thinking. Why? Well, why because it is such a low-priced one so I thought you had better see it does look like the costlier ones. White numerals on black cards, set in moulded plastic, glass-fronted case of lime, wicker, coral, charcoal, or white. In larger stores—Selfridges, Harrods, etc., and some larger London Electricity Board showrooms at around £8.95. Stockists from Fonadek Group, of

While writing to Fonadek, you might ask for details of a portable pocket dictating machine, the Stenocord 77, made in Germany. The complete equipment is quality stuff at £33.95. Think people don't always realise the usefulness of these pocket recorders. They are not limited only to taking reports—letters for retyping but also as foolproof mnemonics. And they shorten some classifying jobs. Say you are running rough a stock of red, yellow, blue and green objects, which ed breaking down into exact numbers in each colour. Anyone, however inexperienced, can run along the blue or rough the pile to say each colour as it materialises. The tape finally monitored into an accurate pattern report.



Great achievements needn't be shouted from the rooftops. That's why you'll find the name Bouchard Aine discreetly placed. Bouchard Aine have been shipping wine for two centuries. And over the years we've made quite a reputation. Try Chateau Haut-Marbuzet, a fine 1966 claret from St. Estephe with body and bouquet of exceptional quality. A wine with which we're proud to associate. Look for the name Bouchard Aine next time you order wine—the quality is guaranteed.

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Light-and-socket units



Be safe and self-critical in the bathroom. Look at yourself in a well-lighted mirror, lit up by a good unit with a built-in shaver socket. Lamp and shaver are both operated by pull-cord switch. The light fitting is called Penthouse and is made by Osram-GE (of P.O. Box 17, East Lane, Wembley, Middlesex). It is now in a good many electrical retailers at the not-too-bad price of £9.75 or thereabouts.

A slim aluminium body in an anodised, silvery finish should go with any colour scheme, but you could paint it if you must although it would be a pity and that much harder to clean the thing. The diffuser on the light is a very matt, very opalescent polystyrene, so that you see your face clearly but not, perhaps, too sharply. By the way, let me stress that the price is for the light and socket, just in case this picture makes you think I am talking about a whole mirror unit. This mirror has two Penthouse units, one on each side, but you will find one ample for most bathrooms with other lighting.

Easyroller

I have had a mildly injured note from the designer of the smart-looking Easyroller holder for toilet paper. He points out that it was not designed to issue a controlled number of sheets (I wrote that it controlled to the point of issuing one or as many as you like).

He explains that it works on the clutch principle, slowing down the roll, as it were. So you pull, with gentle resistance making it impossible for the roll to run so that sheets fall all over the floor, until you reach the length you want. Then you just snap off at the perforation. That way, you save about a fifth of the roll which is usually wasted.

No Ice Bottle Bucket

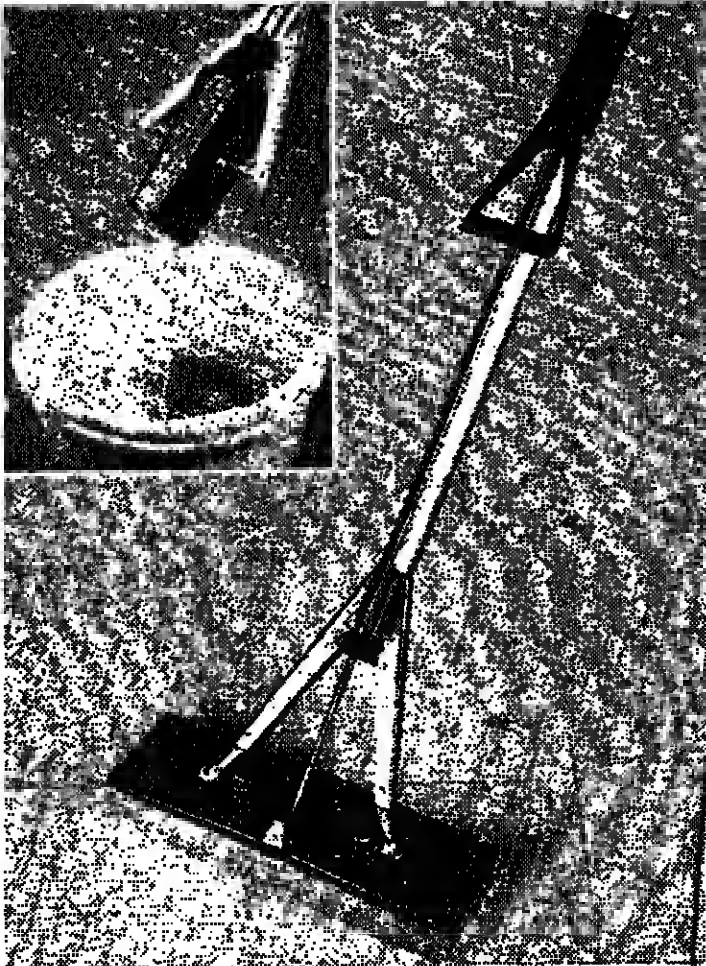


Keep the bottle cool (and the ice from melting too fast) while you enjoy the labour-saving, sunny garden. The No-Ice bucket does work. Terribly simple (although it can be in Gold Tone with a conical neck cover to hide that ugly old bottle).

This is, therefore, one of those double-walled containers of trapped foam, which is the best insulator there is. An Australian product, it does actually keep your chilled bottle cool without ice, and it does keep the ice in cube form longer than most.

I think I like most the fact that it does not try to be pretentious. It doesn't get itself shaped into a melon or a giant apple, nor does it try to hide being exactly what it is, a practical piece. Australian, it costs £2.95 at Fortnum and Mason (some at the Civil Service Stores in the Strand for £2.50). Fortnams will post it for 30p extra. The trim in this picture is simulated wood-grain, but there is also red, imitation plywood, green and one or two other colours. There is currently a window exhibition at West Australia House, to the Strand. Leaflets and any other stockists from T. J. Harwood and Co. of Vale House, Egerton, near Bolton, Lancs.

Luxury routine mop



A De Luxe floor mop is Prestige's name for this one. As one who hates (a) dirty kitchen floors and (b) getting them clean, I approve the idea of making a De Luxe model of such a down-to-earth thing as a mop. This one really works well. It looks as good as any mop could, but that is not the point really. It works, as I said before.

The sponge is highly absorbent. The hinge plate, of tough plastic, operates smoothly, and the wringing out is to a high standard. The system, as you can see, is to fold the mop in two width-wise, as opposed to the more usual lengthwise. This seems to give one better purchase, I find.

With all its pluses, it is also light—I mean, you could visualise reaching upwards easily and tirelessly. About £285 at most larger stores and shops—stockists from Mrs. Pat White, The Prestige Group, at Prestige House, 14-18, Holborn, London EC1N 2LQ.

ICI in house and garden

Make the most of hestwaea with an ICI Sunhouse, using ICI's Novolux rigid PVC sheet in a new tint, a sort of bronzy colour. It can also be pale yellow tint, or deep white. It is, obviously, rotproof and rust-proof. If you want instructions for making your own sunhouse—8 feet by 10 feet and costing between £70 and £85, write for plans and specifications to ICI Hyde, Newton Works, Hyde, Cheshire.

ICI is constantly surprising. For example, I learned, after writing about that profiled exterior insulation from Swedish Metals, that ICI had been doing it all the time. Indeed, ICI does a good job on fighting condensation, on producing laminates for flat roofing or flooring, and on insulation for houses generally, inside or out. To find a service division, rather than merely a product division, should not surprise one but it always does surprise me. Get details of these insulation, coating and other protective products from ICI, Millbank, London, S.W.1.

ICI anti-grease

And now for something completely different, apart from the fact that it is another ICI product. The name is "Genkline," and it is an extra-safe, extra-powerful cleaning solution in an aerosol can. It is well established as an industrial cleaner which dissolves oil, tar, grease of any kind, and which instantly dissolves and dries, leaving the surface clean and dry with absolutely no need of rinsing down and drying off. It is also non-flammable, unlike meths, petrol, white spirit and so on. It leaves no residue to cause short circuits,

so use it even on electrical equipment.

Now we are not talking just about cleaning the car and its innards. We are also talking about something which will clean down paintwork before repainting, remove spots from clothes, cope with wigs, tapes, films, natural or acrylic fibres... need I go on? The price is £3p, to include postage, and you buy direct from Department P, ICI Mond Division, The Heath, PO Box 13, Runcorn, Cheshire. Find Genkline at some petrol stations at 47p. The can is a 16-ounce size.

Portable power with tools

The neatest garden power packs I have seen comes from Germany. A battery-run pack, it is a very neat thing, looking a bit like a plastic water container, with a cap and little attachment for the particular garden accessory which will run off it. On little plastic wheels, with a handle, it pushes around so easily and gives 1½ hours' running time—it weighs only 4½ lbs. It cost £15.60, which is pretty competitive in any language. With it, you can buy a lawn edge trimmer at £3.60—that's good pricing, too. A hedge cutter is £24.40; a spraying set is £25.60; and a head-lamp-cum-garden-torch on a large scale is £2.80.

The VDO Beuvage tool range is good looking, well made, and finding its way to stockists pretty rapidly. Harrods found the demonstration there crowded with interested types. The design is really first class. Get the details from VDO Instruments, a company formed here by the German parent. The address is 13 Mount Ephraim Road, Tunbridge Wells, Kent.

Powered hoe at a price

The hoe is one of the most useful garden tools there is. For huge areas or market gardens, I imagine this power hoe is a great idea. For most gardens, I imagine it is too expensive. For garden-loving people with handicaps, I think it is well worth while. Electrically powered, with a cable, it digs into the soil as it boes and you have to make no major effort at all. Leaflets, stockists, and all other details from the sole concessionaire, E. F. Barrus, of 12-16, Brunel Road, London, W.3. It costs £18.50. The name is Homasta.

Friendly rivals but still friends

I like the mixture of friendly rivalry and co-operation that exists between the firms of Andrews of Sunningdale and G. D. Mountfield of Maidenhead. Apart from the fact that they are both in Berkshire and both very good at introducing and marketing garden aids, there is no merger of any commercial kind.

Either will, however, send along leaflets of some things you will want to know about for the garden. The spintrim, for instance, which is said to be the world's only self-contained, battery-powered, lawn edge trimmer with rechargeable batteries (at about £23).

There is a lawn dressing spreader, fast to operate, at £19. A portable power pack, light enough to carry in one hand, fitted with 4-stroke engine and producing 30 amps, that's the POW-R-GEN at £55—useful for terrains far from electric supply, of course.

Jenny is probably pretty well known to gardeners and farmers who do need generators miles away from electricity supply sources. There are two models—at £79 and £99. Battery electric trucks, lawn aerators—what you will are on the leaflets. One leaflet gives brief details of many appliances, with tiny pictures. Some are dedicated to one appliance only, giving more detail and bigger pictures. The address of Andrews is the Garden Machine Centre, Sunningdale, Berks; and G. D. Mountfield is at The Maltings, East Street, Maidenhead.

Plastic spanner

All these electrical things about the garden, or anywhere else, have to be treated with some respect. Plastic spanners are often a good idea for tinkering types.

An inexpensive set of the toughest plastic you can think of has been tried out for us by a tough young mechanic (married to my Girl Friday, Carol, so that he has not been allowed to get away with any inaccurate reporting).

Ivan says that he has put these spanners through the roughest treatment he can think of and cannot break them. He liked using them, found they

fitted well to the hand, and you could get a good grip on them. First class, in other words. A half set of Whitworth ring spanners (seven, that is, in case you didn't know) covers the range from ½ inch to ½ inch W. Leaflets from Hepworth Electrical Developments of Riverholme Works, Holmfirth, Huddersfield, HD7 2TN. Or buy direct £2.25 plus 25p postage the set.

Flowing current swim pools

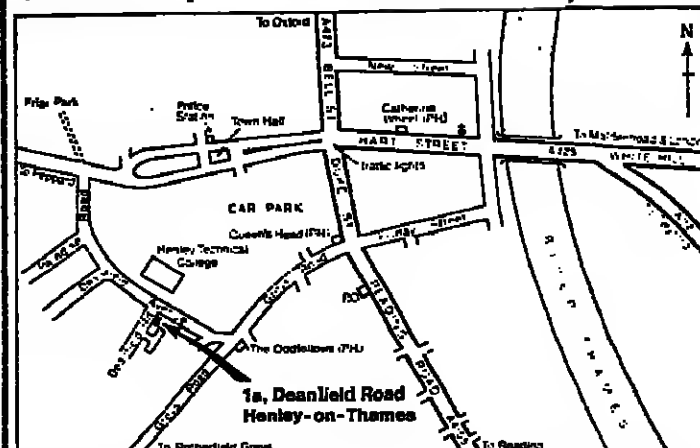
Swimming this weather is marvellous anyway, as it does cool one off. Pool swimming is always less fun than sea swimming, for me. But the Jetstream sounds like an appealing thought.

They tell me one in four of German swimming pools has this Jetstream. What it is a device to give current to swimming pools. A turbine unit is fitted behind one "wall" of the pool, and only a neat little nozzle with a backplate projects from the wall. Below that is a sort of sieved circle, small and unobtrusive. Jetstream takes in water from the pool, and returns it back underwater at a speed you can control for yourself. Massage while you swim if you turn it to the right aperture and swirl around near the nozzle. Leaflets from New Haden Pumps, which is marketing it over here. The address is New Haden Works, Cheadle, ST 10 2 NW, Staffs.

Vacuum clean swim pools

I have written before about sweeps for swimming pools but another has come my way. I have not seen it in use, but the picture on the graphic leaflet shows it as a sort of floating thing that looks a bit like an unfrocked Hovercraft and works like a vacuum cleaner. Since the leaflet does a much better job of describing the Pool Sweep than I can, because it has diagrams and pictures, why do I not leave it to you to send off for the leaflet if you want one and have £295. You can see it working at Complete Gardeners, of Highnam Court, Gloucester. And you can get all the details from there—the telephone number is Gloucester 23073 or 22868.

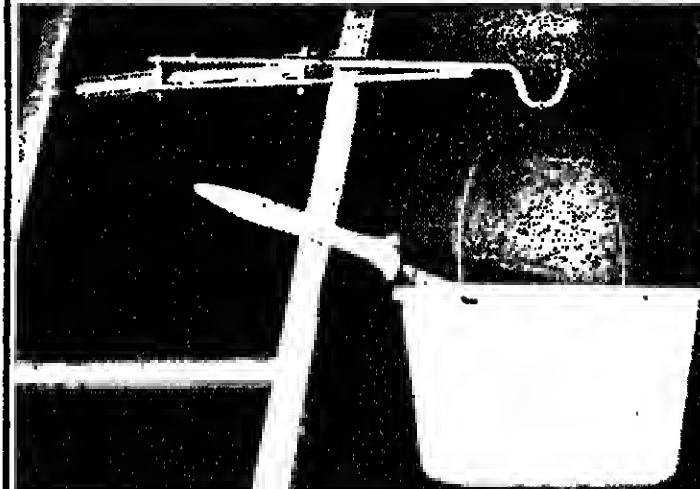
Send-a-map to visitors



I live in a mews that nobody, including taxi-drivers, ever seems to have heard of. So I have to explain that it is behind the north side of, etc., naming the square nearest to it. That's fine, unless you are giving the message to a go-between, like the receptionist, a car hire firm or a radio taxi service or in a store. The directions do not get passed on and delays result. It is much the same with people coming to visit. So a few Directamaps are on my shopping list to send to people who plan to trek my way. Professionally drawn, Directamaps can also show the easiest access route to your home or office—important in these days of constantly-changing roads and one-way systems.

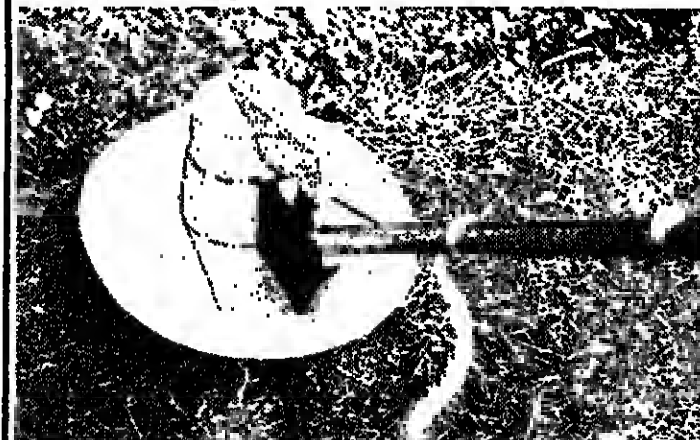
A 100 copies costs £3, and it is £7.50 for 500. They are an excellent idea for export customers, or for any out-of-town customers to offices. Have the town or city maps made on a large scale, showing all streets clearly. Have country places made on a smaller scale, since there is less lettering to get in, showing the nearest signposted town, village or other landmark. The address is Directamaps, Beverley, Kingsley Avenue, Camberley, Surrey.

Ladder's mate



Touching up the house or greenhouse, inside or out, while the weather is fine? This is the way to take the load off the paint or varnish. Useful, too, for washing down, to hold that pail of water without having to run up and down to rinse the cloth. Laddersmate is 41p, a good book to sling. Buy it from most decorator and some hardware shops. Made by Hago. Products, of Bognor Regis, Sussex.

Grass cutting by cords

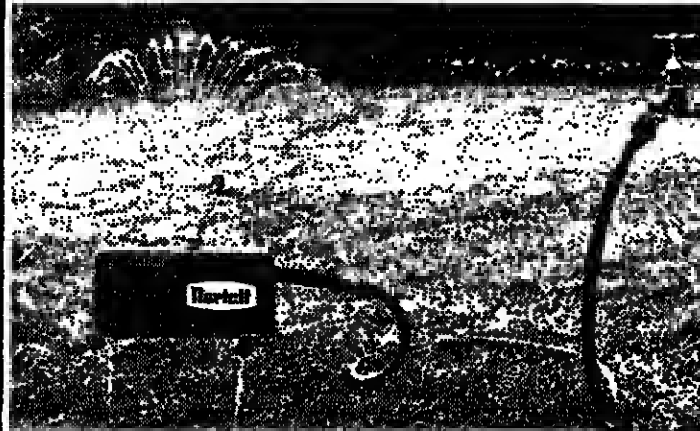


Lawn edges, grass around the trees, rockeries, or shrubs, or up against walls does need trimming, even in gardens where owners like a "casual" look about their grass.

The "Adius UFO" is a new way of cutting this sort of grass, and a very interesting tool it is because it is so safe. Instead of the usual metal blades, it cuts with a nylon cord. Apart from being safe, this means you can cut right up to the tree or wall without damaging the bark or stone or crazy paving. The whole thing is nevertheless very strong, but weighs only 22 ounces so it is not a tiring gadget to use. The nylon is in a cassette, spinning at 12,000 r.p.m. One cassette of cord should last a whole season and a new one he clipped on in moments.

Use UFO from a standing position, with its long handle, or kneel to it, holding the pistol-grip short handle. Guarantee for a year. It costs £19.09 complete with extension handle and spare cassette. If not at your local ironmonger or Garden Centre, buy direct from IXP Limited of Henshaw Lane, Yeadon, Leeds LS19 7RZ. Postage is extra at 25p. Leaflet available.

Automatic watering



One of the things that fascinated me in hot Las Vegas was the way the garden sprinklers came on after too much dry weather (which was often). This is the Norlett Watermaster an automatic lawn sprinkler which can do much the same sort of thing for you, if your garden is your living or your joy.

It works on the principle of water evaporation. A regulated amount of water is in a tilting tray, at a level which causes the shut-off of water supply from the tap by means of a plunger On/Off valve.

When the water in the tray evaporates, the tray tilts back to the "On" position and watering starts again. The watering period is controlled by the rate at which water in the tilt tray is replenished. This, in turn, is controlled by an adjustable drip-feed valve and counter-balancing screw under the tilting tray. Periods between watering are therefore dependent on the speed of evaporation from the tilt tray, and the speed of evaporation is naturally governed by weather conditions.

The Watermaster will feed up to four sprinklers—stake it in the ground between water supply and the sprinklers. Guaranteed for a year, it sells at a recommended £11.95. Sold in handy carrying case. All details from Farmfitters Limited of Great Haseley, Near Oxford, Oxon, OX9 7 BR.

On the subject of watering, I do find the annual catalogue from Hozelock useful. Every junction piece, sprinkler, etc., are all so clearly shown in picture or diagram, and there is good advice on choosing your Hozelock sprinkler to suit your water pressure. I think this is a brilliant idea. Water pressures vary, and you should gear your sprinkler to yours. Write for your 1971 copy to Hozelock of Haddenham, Aylesbury, Bucks.

By the way, Hozelock also does an excellent "walking sprinkler" with integral hose reel. Another good idea. Even in my tiny mews patio, I find the automatic water shut-off coupling invaluable, so that is yet a third good idea.

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Christie's

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ANOTHER RECORD YEAR



Portrait of Mountjoy Blount, 1st Earl of Newport, by Sir Anthony van Dyck. 85in. by 51in. Sold on June 25th for £25,250.

Christie's turnover for the 1970-71 season which ended yesterday was £25,242,064, an increase of 25% compared with the previous year, and a new record for the firm. The Portrait of Mountjoy Blount, 1st Earl of Newport, illustrated above, came from the collection of the late Mrs. Anna Thomson Dodge, widow of the motor car pioneer. With the exception of two large works by Boucher, the whole collection was airfreighted from Detroit and sold by Christie's for £1,964,880, emphasising once again the dominance of London as an art market. The Van Dyck will be one of the hundreds of pictures and other works of art reproduced in our forthcoming Review of the Year 1970-71. This will be published in mid-November, price £5.25 post paid, but there is a special pre-publication price of £4.25 post paid for applications received before September 30th. Cheques should be made out to Christie's, and sent to Mr. John Herbert, Christie's Public Relations Director (quoting FT 200) at the address below:

8, KING STREET, ST. JAMES'S, LONDON, S.W.1
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Diamond brooch (property of the late Mrs. Camille Evans - formerly "Gibson Girl" Camille Clifford) in a sale of Jewellery on Tuesday, August 17th at 2 p.m.



A special sale of furniture, pictures, silver, ceramics, works of art and books from the estate of Mrs. Evans will be held on Tuesday, August 10th at 11 a.m. Viewing Friday, Saturday morning and Monday prior.

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ART GALLERIES

CHEN GALLERY, 42, Old Bond St. Exhibition of Old Master Paintings from £1,000. 10th-12th September. Mon-Fri. 10-5.30. Sat. 10-5.30.

APLAN GALLERY, 6, Duke Street, St. James's, W.1. French Impressionist and Modern Paintings. 10th-12th September. Mon-Fri. 10-5.30. Sat. 10-5.30.

ARJORIE PARR GALLERY, 235, King's Road, Chelsea, S.W.3. CHELSEA IN THE 19TH CENTURY. 10th-12th September. Mon-Fri. 10-5.30. Sat. 10-5.30.

MARLBOROUGH FINE ART, New Bond Street, W.1. Exhibition of Old Master Paintings from £1,000. 10th-12th September. Mon-Fri. 10-5.30. Sat. 10-5.30.

WELL, NICHOLSON, NOBLE, SOLUTIONE. 10th-12th September. Mon-Fri. 10-5.30. Sat. 10-5.30.

CLUBS

EVE, Alison. 10th-12th September. Mon-Fri. 10-5.30. Sat. 10-5.30.

MURRAY'S CABARET. One from 8.15. 10th-12th September. Mon-Fri. 10-5.30. Sat. 10-5.30.

Saleroom

COLLECTING WISELY

Disc musical boxes

BY DAVID ROBINSON

NOT TO put too fine a point on the matter, the collector of disc musical boxes must have both space and a taste for the big and ugly, because most machines of the type are just that. So long as this obstacle can be surmounted, however, the good polyphon or symphonon or Regina is capable of offering some of the finest mechanical music ever devised.

Disc mechanisms for musical boxes were a very late development—so late indeed that it is astonishing they were able to arrive at the commercial success they enjoyed. The idea of mechanical music produced by a revolving barrel dates back at least to the early-18th century; and the familiar type of musical box in which metal teeth are plucked by pins on a revolving cylinder was invented in the 1790s. Mostly made in Switzerland, these achieved a phenomenal popularity in the 19th century. They had the disadvantage, however, that their repertoire was limited to six or at most 12 tunes. The disc, actuating a musical movement by means of projections on its surface, and changed almost as easily as a gramophone record, gave the possibility of an endless choice.

The first patent was taken out, rather improbably, by a Haitian, Miguel Boon, in 1882. Three years later an Englishman, Ellis Parr, patented an alternative machine in London; and soon after that a German, Paul Lochmann, having patented first improvements, began to manufacture the first disc music boxes in Leipzig. Leipzig remained the centre of manufacture, which was a classic instance of 19th century industrial organisation. About 1890, two of Lochmann's employees left him to form a rival firm, the Polyphon Company, which at the height of its prosperity employed 400 workers and had branches in London and New York. In 1892 one of the Polyphon directors opened up the Reclina Company in New Jersey, U.S.A.

These three firms produced the great bulk of disc music machines; but Graham Webb in his newly published *The Disc Musical Handbook* (Faber, £3.50) lists upwards of two dozen rival makes, with names like Orphenon, Kalliope, Orpheus and Polymnia. They ranged in size from miniature machines, taking 4 in. discs, to the massive Komet, with its 33 in. disc and an impressive resonant base.

A large number were penny-



A typical large disc musical box. Made by Polyphon of Leipzig it plays discs of 24½ inch diameter. The discs are stored in the "bin" below the machine. Bob Minney collection.

in-the-slot machines which stood in public places; indeed there are still a few pubs which boast Polyphons in their saloon bar. Hence the ponderously elaborate case-work, which had to hold its own with the ornate mahogany and cut-glass interiors of Victorian pubs or Bavarian beer-cellars. For the home there were more compact—though no less ornamental—table models; or the musical movement might be incorporated into vast and heavily carved pedestal clocks.

There was no end to the mechanical and musical ingenuity of the makers. Some machines incorporated bells, drums and pipe organs. Others employed two or three discs, playing in unison to produce impressive piano-forte effects. There were auto-change machines in which the great steel discs were mechanically raised and lowered into playing position. In the later years there were even models equipped to play either the steel discs or gramophone records; and this was the writing on the wall, because the musical box had finally little chance against the perfected gramophone. By 1914 manufacture had virtually ceased.

On account of their bulk, comparatively few collectors

specialise exclusively in disc musical boxes. More often the odd example forms part of a more general musical box collection; while a good many machines are sold to people who simply want a single example to play the music.

They are fairly tricky to buy. Rarity is not always a recommendation of a machine, because the discs for it are likely to be correspondingly rare, and there is little point in a model for which you are unable to build up a repertoire. With the more common types, the 19½ in. disc Polyphon for example, you can generally find discs; and indeed they are now being produced again in this country by a man who has recorded a Dave Brubeck number among other new arrangements.

Condition is vital: a bargain is no bargain if you have to spend another £150 on restoration of teeth and dampers to get the machine into condition. Hence it is advisable to consult a specialist dealer who runs his own repair shop and whose reputation depends upon his selling completely reliable machines. In London there are two such dealers, Keith Harding of 93 Hornsey Road who offers a very comprehensive repair and restoration service, and Graham Webb, of 83 Portobello Road.

Both have waiting lists for all the rarer and more elaborate models, but can usually supply more frequent types from stock. Prices for the very tiny models start at about £35; but an 11½ in. table model—the smallest size whose musical properties are really recommendable—might cost between £60 and £80. A big pub Polyphon taking 19½ in. discs costs £200-£250; and prices rise to six or seven hundred pounds for a 27 in. Orchestral Regina, which the connoisseurs generally rate highest in musical performance; and much more for a gigantic autochange Eroica.

It is hard to be specific about prices, however, since, as with old cars, condition and value vary vastly from example to example. For this reason alone *The Musical Box Handbook* seems a fairly essential preliminary investment for the prospective purchaser. As collectors' books go it is a model, giving an intelligent and succinct history, appendices which include a comprehensive list of the serial numbers and titles of thousands of tunes recorded by Polyphon; and, most vital, an exhaustive maintenance manual for the care and restoration of machines.

BONHAM'S

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Founded 1783

TOOTH & TOOTH

Tuesday, 3rd August
Tuesday, 3rd August
Thursday, 5th August
Thursday, 5th August
Tuesday, 10th August
Wednesday, 11th August
Thursday, 12th August
Thursday, 12th August
Tuesday, 17th August
Tuesday, 17th August
Wednesday, 18th August
Thursday, 19th August
Thursday, 19th August

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The Arts

City Girls

BY DAVID ROBINSON

In its great days in the 20s and early 30s, the William Fox Studio employed some of the finest talents in Hollywood; and the current National Film Theatre season Tribute to Fox has brought to light an impressive group of rare and forgotten works by masters like John Ford, Frank Borzage, James Cruze, William K. Howard and Rowland Brown.

Among the rediscoveries are two of the most celebrated "lost" films in cinema history, Friedrich Wilhelm Murnau's *City Girl* and Erich von Stroheim's *Walking Down Broadway*. Neither film's history, in fact, reflects much credit upon the administration of the studio. *City Girl* was made under the title of *Our Daily Bread* in the summer and autumn of 1928. By the time it was finished the studio was well established. The producers hesitated too long to bring it out as a silent film; and only in 1930 cut it by 25 minutes and added synchronised music and dialogue sequences. Already an anachronism, this strange hybrid was quickly relegated and forgotten.

The NFT has, however, found a copy of Murnau's original silent film. The story is simple: a country boy meets a city girl, a waitress in a Chicago automat. They marry and return to the country. The girl discovers that country life is far from the romantic idyll she had imagined. Ultimately, however, town and country are reconciled.

It is one of those silents which are so expressive that you never for a moment feel that an element is missing. From his earliest films Murnau had worked within the "Expressionist" principle of "isolating the most expressive element in any action or object." In *City Girl* this no longer means the exaggerated "Expressionist" décor and chiaroscuro illumination of the German period; just an extraordinary richness in every detail of stage, mise-en-scène and lighting. Individual scenes are especially memorable:

Unless their subjects are major eccentrics, suffer violent

provinces during the depression (Barbirolli's operatic career began strangely, with an invitation to conduct concert excerpts from van Diemen's still unstaged opera *The Tailor*), of New York as Toscanini's successor, of the return to wartime London and the remaking of the Hallé Orchestra almost overnight. Again and again one is reminded of the precarious conditions under which serious musical enterprises work.

The man himself stands out less clearly. As with those who did not know him personally were made aware, Barbirolli had the power of inspiring fierce devotion in others. Perhaps there was something protective about this affection. He appears as a good, loyal man of simple tastes, a demon for work, irritable at times but not a monster, sacred or otherwise. Apart from his exceptional musical gifts he was in most ways ordinary and conventional in a way that may have come from his Italian family background—beneath their exuberance Italians are surprisingly conventional people.

What of Barbirolli the conductor? Though it is too soon for a final judgment, it seems unlikely that he will leave a permanent mark on music like the giants of the generation before him—Toscanini, Furtwängler, a few others. In Britain the main work of propa-

ganda, stabilisation and raising of standards had been performed in their different ways by Wood and Beecham. There was still plenty to be done by a master-craftsman who knew the orchestra inside out. As Mr. Reid dutifully notes, endless reappearances of favourite works is ruthlessly aware, Barbirolli's essential repertoire was limited.

Reading of how exhaustively he worked on that repertoire, giving it the polish that was one of his assets, also the concentration on detail that was sometimes a defect, one can see he had little time for more. Under the circumstances, his adoption of the Mahler symphonies and other big, late romantic scores, was an achievement. His devotion to the music of Elgar, Delius and Vaughan Williams was unshakable.

Through this book as through Barbirolli's life, flows an undercurrent of half-spoken sadness. The New York assignment did not end as well as it began; the Hallé's post-war standard could not be kept up because of overwork, lack of money, loss of players; his career as conductor of opera petered out only to start again when it was too late. Did his restless energy, up some late spiritual or physical? With a more philosophic temperament he might have driven himself less hard, known more relaxation, achieved as much.

Fry collections, ranging from superb Italian primitives to one of the finest, qualitatively, collections of Impressionist and Post-Impressionist paintings in the world.



Zasu Pitts in "Walking Down Broadway," an early Stroheim film shown at the National Film Theatre as part of the "Tribute to Fox" season which continues throughout August.

the bustle of the Chicago automat, unusually light in tone for Murnau; or the extraordinary sequence of the newly-weds return to the country, running through an endless shimmering sea of wheat.

The Stroheim film exists now only in a mutilated version put out by the studio as *Helo Stier*. Stroheim's career had been fraught with difficulties: his costly refusal ever to compromise had made him the terror of producers. No one had been prepared to employ him for several years when Fox gave him the chance to shoot *Walking Down Broadway*. This time his behaviour was exemplary: the film was finished efficiently, on time, within budget—only to be sacrificed in an internecine battle between two rival executives of the company. Stroheim's own ending was reshot by others, and the film was ignominiously hustled out in a truncated form. Stroheim never directed another film.

Enough of the film still carries his unmistakable signature to make one more deeply regret that it might have been. It is the story of innocents in New York: two girls, walking down Broadway, who meet a man, like them from out of town; and of the romance and anguish of their

subsequent sexual relationships. Zasu Pitts plays the plain Jane Murnau; or the extraordinary sequence of the newly-weds return to the country, running through an endless shimmering sea of wheat.

The reality, the brutality and the frustrations of sex are suggested in a manner that contrasts sharply with the usual anodyne Hollywood movie of those times. And at the same time there is a tenderness, rare in Stroheim (though his harshness often came, all too clearly, from mistrust of his own sentimentality); the discovery of idyllic love in the unpromising surroundings of Coney Island. Broadway and the tenement room where the lovers have to stick their heads out of the sky light to see the stars. This was Stroheim's only talking film, but he uses sound with the same brilliance as images, for instance where the drama of a scene between the two girls is heightened by staging it in a violent rainstorm and a busy street, so that they have to yell the whole time to make themselves heard. Stroheim was one of the most tragic sacrifices on Hollywood's pagan altar.

Barbirolli

BY RONALD CRICHTON

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Andrea del Sarto

BY MARINA VAIZEY



Detail from the newly discovered "The Madonna of Humility"

brought the work of del Sarto under appropriate attention, which is well justified by the merits of this glowing painting: a fine, melodious, charmingly accessible without being cloying. It is thought to have been painted around 1512.

The happy accident of the *Madonna of Humility*'s stay at the Courtauld Institute Galleries should remind all residents and visitors of the finest small gallery in London, where in comfortably domesticated surroundings, with superb furniture and marvellous carpets, eight rooms contain the Lee and Gambier Parry, Courtauld and

N. Atlantic airlines likely to favour cheaper fares

BY RAY DAFTER

THERE ARE indications that North Atlantic airlines, still involved in one of the most difficult fare negotiations ever held, have taken up majority positions in favour of four main cheaper fares proposals. These are "Advanced Purchase Excursion (APEX)" fares, youth fares, excursion fares and affinity group fares.

According to airline sources, it is possible that the Montreal conference, which started on June 29, could reach a decision about the fares package some time next week. Whatever the outcome, the resultant batch of varying fares is almost certain to be extremely complicated.

Family rates

Also under discussion has been the introduction of family fares, senior citizen fares, fares for students, and special rates for groups attending conferences and conventions.

The APEX fare, at possibly \$200 (about £83), is seen by most airlines at the conference as the most significant advance in a North Atlantic fare structure, aimed as it is at attracting more people to fly, and in particular by scheduled airlines rather than charter carriers.

Nevertheless, there has been a considerable negotiating battle over this proposal, as with all the other schemes to lower fares. The smaller and more vulnerable airlines want to ensure that the present state of inflation the cheaper fares will not give them an even lower return on capital than hitherto.

Although APEX youth fares and some of the other proposals are designed to encourage extra trade, some negotiators are worried that

the schemes will draw away former full fare paying passengers. Hence, the negotiators have been having a difficult time in working out the conditions of such fare structures, trying to arrive at an agreed formula for such regulations relating to whom will be eligible to travel, how far ahead they must book, how long the ticket will remain in force and whether any refund would be made to passengers who miss their flights.

It was assumed that the fare negotiations would be difficult;

this is partly the reason why they were held separately from the remaining world airlines which are due to discuss their fares structure in Miami, starting on September 8.

The decisions of the North Atlantic carriers are likely to have a big influence on the fare structure of the remainder of world-wide airlines. It is possible that if APEX fares are agreed in Montreal then some airlines will be proposing similar fares for other worldwide routes. All the new fares are due to be introduced on April 1 next year.

Poclain moving headquarters in Britain

Financial Times Reporter

POCLAIN LIMITED, the largest importer of hydraulic excavators into the U.K., is moving its national headquarters at the beginning of October.

The company, which is the British subsidiary of Poclain SA of France, is moving its headquarters from its present offices in London to a new premises at 120, Colindale Avenue, London NW9 1ST, which is a new era of expansion.

U.S. airlines get go-ahead for DC-10

LONG BEACH, July 30.

The U.S. Federal Aviation Administration has awarded the McDonnell Douglas Corporation a type certificate and production certificate for the DC-10, authorising its airline operation of the wide-body tri-jet transport.

Certification of the airliner came 11 months after the first flight, and more than two months ahead of the scheduled date in October.

Airline service with the DC-10 will start in mid-August instead of November as originally planned. American Airlines and United Air Lines each took delivery to-day of their first DC-10 for additional "over" training and route familiarisation flights.

Law Reports

Explosion fears at ICI Welsh store

An explosion at the Imperial Chemical Industries' explosives store at Croesor Quarry, Merioneth, in Wales, on the amount of explosives licensed to be stored there, would be comparable to exploding an atomic bomb underground. It was said in the High Court yesterday.

The ICI store is the biggest licensed private store of explosives in Britain and it is near the Central Electricity Generating Board's £13.5m. Ffestiniog power station. Until recently the ICI store was licensed to hold over 6,000 tons of explosives, but recently some had been moved. Mr. Justice Plowman was told.

Closed station

For safety reasons the Board closed the power station early in June. It estimates a daily loss of between £4,000 and £7,000 because of the closure.

The Board is asking the Judge to order ICI to remove the explosives from the store as quickly as possible. The Board complains that ICI, which is in process of clearing the store, has been complacent since it was only to be used for commercial interests in dealing with the removal of the explosives.

Mr. Charles Sparrow, QC, for the Board, said yesterday that ICI originally expected to reduce the stored explosives to 1,600 tons by October, but the company had since stated that by mid-November the stored explosives would be reduced to 1,127 tons, at a rate of 240 tons a week.

"Under the influence of legal proceedings and the pressure the Board has brought, ICI has adopted a more helpful and co-operative attitude," he added.

Mr. Hywel Morgan Thomas, a solicitor employed by the Board, said in written evidence that the Board was unaware of the existence of the explosive store before June last year.

The Board was advised in Feb-

ruary that 5,000 tons of TNT and other explosives stored at the quarry, if exploded, would create an acceleration effect substantially greater than that of major earthquakes at a distance of 2,300 feet. Such an explosion would result in the virtual destruction of the dam at Stwlan Reservoir. To remove the risk to the Board's two dams the explosives in store would have to be reduced to at least 500 tons.

On June 5 the Board emptied its two reservoirs at Tanygrisiau and Stwlan because of the dangers to persons living or working below the reservoirs while the explosives remained in the quarry.

If the Board was unable to operate its power station during the winter months when the demand for electricity rose to its highest peak supplies might have to be cut.

Mr. George Bryce, explosives operations manager of ICI's Nobel division, said ICI had already started to remove the explosives but there was a limit to the rate of removal which could be safely achieved.

Mr. C. M. Clothier, QC for ICI, said the company was already doing what was right and proper in the public interest. ICI viewed with regret the Board's decision to invoke the powers of the court.

The action was wholly unnecessary. It was undesirable that further pressure should be put on those who were doing their best in a matter where haste could lead to death.

Mr. Clothier was still making his submissions when the case was adjourned until October 5. He said he proposed to put in further evidence, which the hearing was resumed, which would give up-to-date information of the situation at the quarry.

Mr. Sparrow intimated that the Board might make an ex parte application to the Vacation Court for an order.

CBI's prices curb doomed—Powell

BY JOHN HUNT

THE ATTEMPT by the Confederation of British Industry to put a ceiling of 5 per cent on price rises will collapse in a matter of days, Mr. Enoch Powell, Conservative MP for Wolverhampton South West, predicted last night.

Speaking to a public meeting at Dingwall, Ross and Cromarty, Mr. Powell said he saw little risk in making such a conclusive prophecy.

"Distortion"

"Whenever a price and incomes policy has been tried—namely in 1961, 1964 and 1966—the result has been the same," he said. It was bound to be the same this time, he said, because the policy was either voluntary or compulsory.

"The attempt to hold down the price of goods or services for which the demand is rising, is a distortion of the market which has a haphazard distortion which has laboriously to get itself put right again."

Mr. Powell asserted that the idea of a price ceiling could be slow down by getting people to promise not to raise prices was "really absurd." He compared it with the suggestion that corn

prices could be held down by banning the corn merchants.

He also scorned the suggestion that the unions would exhibit wage restraint in return for the CBI campaign on prices. Both the Government and the CBI had wisely refrained from any closer definition of what was meant by "restraint" in this context.

Mr. Powell attacked those who advocated inflationary policies as the cure for unemployment. If the present rate of 10 per cent inflation was not enough to do the trick, were they advocating 12 or 15 per cent?

One of the main causes of inflation and rising unemployment was the continued Government support for unprofitable undertakings, he said.

The collapse of Rolls-Royce and Upper Clyde Shipbuilders was only the peaks of a submerged mountain chain. For too long much of British industry had ceased to be orientated to profit and therefore to real demand at home and overseas.

"What is above all necessary is the aggressive and single-minded pursuit of profit and search for the most profitable undertakings," he argued.

APPOINTMENTS

Mr. Henderson to head Witan Investment

Mr. John Henderson has been elected chairman of WITAN INVESTMENT COMPANY. Mr. D. S. Schreiber has retired as chairman and from the Board. Mr. Antony Emery has also retired from the Board.

Mr. Leo Bryan, works manager of REED MEDWAY SACKS (Read International), has been appointed works director.

Mr. John N. Hazell and Mr. Christopher P. E. Normand, personal assistants to the chairman since 1970, have been appointed to the main Board of LONDON AND MIDLAND INDUSTRIALS.

Mr. W. H. Helme has been appointed chief farm management officer of the AGRICULTURAL DEVELOPMENT AND ADVISORY SERVICE in succession to Mr. B. Peart.

Mr. W. Dermitt has been appointed deputy to the senior scientist, Dr. H. C. Gough.

Mr. Peter S. Jones has been appointed director of the DUNDEE PERTH AND LONDON SHIPPING COMPANY. Mr. John Wilson has resigned from the Board.

Mr. Walter Wyndha has been appointed managing director of PRECISION TAPES. He has been general manager of Precision since its formation in January,

1970, and in April this year was made a director of the company. Precision is now a wholly-owned subsidiary of ATV.

Mr. Brian Collie has been appointed to the Board of STREETS FINANCIAL ADVERTISING AND PUBLIC RELATIONS from August 1. He will be the director of the financial public relations division.

Mr. C. W. Richardson has been appointed a director of the LEICESTER TEMPERANCE BUILDING SOCIETY.

Sir George Jessel, Mr. A. R. Cook and Mr. J. Holland-Martin have retired from the Board of the MONKS INVESTMENT TRUST.

Mr. Gerald J. M. Westoby has been appointed an assistant to the managing director of GILBERT BROTHERS DISCOUNT COMPANY from to-morrow.

Mr. Bob Howes has been appointed manager of CRANE FRUEHAUF TRAILERS' marketing division. He has also joined the Boards of Crane Western Finishes and Imperial Coach-builders and its subsidiaries.

Mr. R. D. Whitby has been appointed chairman of KIRKLAND-WHITTAKER GROUP in succession to Mr. R. Davis, who has retired from the Board.

Sir Alexander Johnston has retired.

Mr. W. J. Kilpatrick and A. L. Scavini have been joint managing directors of Mr. E. P. Caccia and Mr. P. Lane have joined the Board. Mr. D. G. Harncliffe, Mr. R. Johnson and Mr. J. Lane have been appointed alternates.

Mr. Whitby is chairman, managing director, Mr. Kilpatrick is managing director and Mr. Scavini is managing director of the Gillett Brothers Discount Company, which holds a major interest in Kirkland-Whittaker.

Mr. R. J. O. Lescelles and C. D. Forsyth have been appointed directors of PREMIER CONSOLIDATED OILFIELDS.

Mr. A. J. Stait has been appointed chairman of J. C. BAR HOLDINGS, following the resignation of Mr. S. C. Ashton.

Mr. R. C. Kernick, who has been appointed as assistant managing director of INTERNATIONAL DISTILLERS AND VINTNERS, reported in June, will take up new post to-morrow.

Mr. H. W. Jackson, deputy chairman and managing director of INTERNATIONAL COMETION (HOLDINGS), has resigned from the Board of that company and from the Boards of its subsidiary and associated companies.

Economic Diary

AN EMERGENCY three-hour debate on Upper Clyde Shipbuilders group will be held in the House of Commons on Monday. Also on that day, and on Tuesday and Wednesday, the Commons will consider the Industrial Relations Bill. Subject to the progress of business the Commons is expected to rise for the summer recess on Thursday, and return on Monday, October 15.

The Review Committee on the Export of Works of Art recommended to Lord Eccles, Paymaster General, who has responsibility for the arts, that the licence be withdrawn for a year to give the National Gallery a chance to buy the painting.

Other events next week include: MONDAY—Car and commercial vehicle production figures for June. Confederation of British Industry economic committee meeting.

TUESDAY—Clearing banks' aggregate figures for deposits, liquid assets and advances at mid-July. Car hire-purchase statistics for July are expected. Baron J. C. Sneyd of O'Pouers, Belgian Minister of Finance, and Mr. R. Vandepitte, Governor of the National Bank of Belgium, will visit London for talks with Mr. Anthony Barber, Chancellor of the Exchequer, and Sir Leslie O'Brien, Governor of the Bank of England.

WEDNESDAY—Mr. Barber takes the chair at the National Economic Development Council monthly meeting which will continue its discussion on inflation, unemployment and economic growth. Brick and cement production figures for June.

THURSDAY—Mr. Paul Bryan, Minister of State, Department of Employment, and Mr. Lawrence Daly, Secretary of the National Union of Mineworkers, are among speakers at a conference on the Government's Code of Industrial Relations Practice, organised by the Industrial Society, at the Royal Lancaster Hotel, London, W, at 9.30 a.m.

No export licence yet for Titian painting

BY JOHN HUNT

THE GOVERNMENT has decided not to grant an export licence for the painting "The Death of Actaeon" which was purchased last month by the J. Paul Getty Museum of California.

The Review Committee on the Export of Works of Art recommended to Lord Eccles, Paymaster General, who has responsibility for the arts, that the licence be withdrawn for a year to give the National Gallery a chance to buy the painting.

Further statement

Lord Eccles, however, is not prepared to agree to a 12 months' delay at the moment. A statement from his office yesterday said that the licence would not be granted at the present time. The Government was considering all aspects of the matter and would make a further statement.

This will come as a disappointment to the trustees of the National Gallery who had hoped for a clear-cut decision in favour of a 12-months' delay. In a statement made last night, the trustees recorded their gratitude to the committee for its support but made no reference to Lord Eccles' verdict.

The trustees say they will now approach the Government for aid to buy the picture and will later make an announcement in the light of the Government's reply.

The statement from Lord Eccles yesterday gave the present price of the painting as £1,763,000 compared with the £1,680,000 paid by Mr. Julius Wetzler, the American dealer, when he purchased it at Christie's.

Mr. Wetzler later sold it to the museum, receiving what was described as a "purely nominal sum" in commission. Presumably this amounted to £88,000 the difference between the price and its present value.

Meanwhile, Mr. Norris Bramble, a trustee of the Getty Museum sticks to his account that the painting committee has promised to buy the painting for £1,763,000 in three months time. If it then seemed that the National Gallery could raise money to buy the painting, the licence would be withdrawn further nine months.

"If not, we would expect it to be given the O.K. to export fairly soon," said Mr. Bramble. The museum trustees are "not at all concerned" about the prospect of £1,763,000 of their money being tied up for a year without any return.

Mr. Burton Fredericksen, director of the museum, had suggested to the reviewing committee that the museum had asked for a 6 per cent return on the money—a sum which would work out at £100,800.

"We haven't had any response to the suggestion," said Mr. Bramble. "I would imagine they would decline it and in that case, would not press it."

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Anti-Market bid by Jenkins adjourned

LEGAL moves by Mr. C. Jenkins to prevent the Post Office from distributing the "popular version" of the Government's White Paper, Britain and Common Market, were adjourned in the High Court yesterday.

Further application is likely to be made during the law vacation. Mr. Jenkins, a leading anti-Marketeer and general secretary of the Association of Scientific and Managerial Staffs, has issued writs against Attorney-General, Sir Peter H. Vinson, and the Post Office Corporation to stop printing, publishing and distributing the pamphlet at public expense.

He claims that the pamphlet is "partisan and prejudiced," presenting the pros and cons of Britain joining the Common Market.

After a brief hearing before Judge in Chambers, Mr. Jenkins' solicitor said: "The pressure work before the Judge today made it impossible for him to hear the application. An application must now be made to the matter treated as a business, so that it can be dealt with as soon as possible."

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The Chairman, Mr F D O'Brien Newman, reports:

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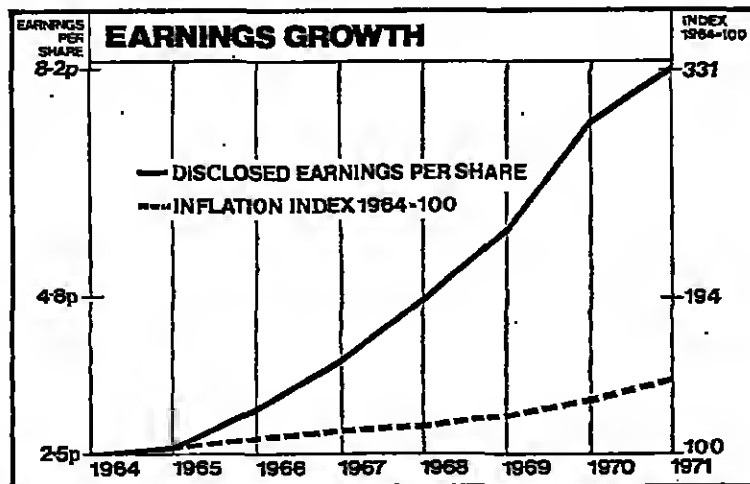
The group profit after tax for the year to 31 March 1971 increased by £336,000 to £3,379,000. The overall increase of 11% does not reflect fully the outstanding profit increase reported by our insurance broking subsidiaries because the banking side of the group reported slightly lower profits.

The directors recommend the payment of a dividend of 14% this year compared with 13% last year.

The group has been built up to provide a diversified and continually expanding range of banking, insurance and other financial services over an increasing area of the world and I am convinced that we are well placed to meet the challenge of the year ahead.

SUMMARY OF RESULTS

	Year ended 31 March 1971	1970
	£000	£000
Profit after tax		
Banking	1,760	1,826
Insurance broking	1,822	1,302
Insurance underwriting	88	15
	3,670	3,143
Central management expenses and long term loan interest	(291)	(100)
Group Profit after tax	3,379	3,043
Proposed Dividend	(1,440)	(1,336)
Profit added to reserves	1,939	1,707
Result per fully paid share		
Disclosed earnings	8.21p	7.40p
Dividend	3.50p	3.25p



Inflation reduces the value of the profits of a company year by year. This graph shows how the earnings attributable to shareholders in Montagu Trust Limited have increased, over the period since 1964, the first year as a public company. Just as their value has been reduced by the effect of inflation, over this 7 year period, the real growth in earnings has been at the compound rate of 13% per annum.

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- Bland Payne (UK) Limited and Bland Payne (UK) Consultants Limited, 22 Billiter Street, London EC3M 2RU
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Copies of the report on the year ended 31 March 1971, can be obtained from the Group Secretariat, Montagu Trust Limited, 114 Old Broad Street, London EC2P 2HY.

LONG-RANGE WEATHER FORECAST

Drier August than usual

DRYER AUGUST THAN USUAL WEATHER PROSPECTS for the holiday month are generally very good. The Meteorological Office long range forecast said yesterday that a rather unsettled spell is expected during the first few days, with thunder rain at times in many places.

However, over the month as a whole a fair amount of fine weather is likely with dry days occurring more often than usual for August.

Sunshine totals will be probably above average in England and Wales and near average over Scotland and Northern Ireland.

Mean monthly temperature was expected to be above the seasonal average. Rainfall totals would probably be below average over most of England and Wales although some heavy falls are likely in thunderstorms here and there.

Over Scotland and Northern Ireland rainfall is expected to be near average.

There were above-average temperatures over France and England during the past month, but over the Balkans, North Scandinavia and central Canada temperatures were below average.

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Comecon agrees on complex plan for co-operation

BY PAUL LENDVAY

VIENNA, July 30.

THE THREE-DAY Prime Ministerial Summit of the eight member states of the Council for Mutual Economic Assistance (Comecon), ended yesterday with the adoption of a "complex programme of economic co-operation and integration" for the next 15 to 20 years.

Though the document has not yet been published, the lengthy final statement indicates that the Romanian delegation appears to have scored a major political victory. The communiqué apparently spells out explicitly that "the socialist integration is not accompanied by the creation of supranational organs."

On the contrary, the realisation of the "complex programme of integration" is to be based on the principles of Socialist internationalism, or respect for the sovereignty, independence and national interests of the states.

The document adopted, as it said "unanimously" at the session, provides apparently only a framework and concrete agreements will yet have to be concluded. In this sense one can regard the statement as a tenuous compromise which may well give cause for totally different interpretations. This was hinted by the Romanian president Nicolae Ceausescu in his speech at lunch on the eve of the summit.

While the communiqué also speaks about a planned rapprochement of the national economies and their main branches combined with a gradual elimination of differences in the level of development, it leaves an escape clause in stating that the member states may fully or partially participate in the execution of measures envisaged in the programme.

Five Arab leaders to discuss Hussein sanctions

BY OUR MIDDLE EAST CORRESPONDENT

THE Five Arab Heads of State meeting in Tripoli have agreed to discuss the imposition of political and economic sanctions on Jordan, according to the semi-official Egyptian newspaper Al-Ahram.

The sanctions would be enforced if Jordan refused to implement the provisions of last September's Cairo agreement and the supplementary Amman accords which were supposed to guarantee the Palestinian guerrillas freedom of action while also upholding King Hussein's authority.

It was agreed to put the proposal on the agenda at preliminary discussions held in Tripoli on Thursday night by President Sadat of Egypt, President Mubarak of Syria, and General Hafez Assad of Syria. The other leaders attending the meeting are President Abdel Rahman al Yezani of Yemeni Arab Republic and Salem Rubeyi Ali, chairman of the Presidential Council of the People's Democratic Yemeni Republic.

Yesterday the formal meeting started after it became known that President Nimer of Sudan could not attend. His absence in know way signifies any sympathy for King Hussein. Nimer delivered a castigating attack on the Hashemite Monarch when speaking to reporters on Thursday.

IN JERUSALEM yesterday U.S. Secretary of State Joseph S. Biden delivered a message from Egyptian President Anwar Sadat to Premier Golda Meir expressing his wish that talks on an interim Middle East peace agreement continue, according to an American official.

Yugoslav Government named

BEIGRADE, July 30.

THE Yugoslav Parliament today approved a new 22-member Government, proposed by Prime Minister designate Dzemal Bijedic.

Four major ministerial appointments remained unchanged—Mr. Mirko Tepavac continuing as Foreign Secretary, General Nikola Ljubichic, Defence Secretary, Mr. Janko Simot, Finance Secretary, and Mr. Muhamed Hadzic, Foreign Trade Secretary.

Mr. Bosko Dimitrijevic became Secretary for the Economy, and Mr. Vukob Dragasevic, Secretary for Labor and Welfare Policy.

Mr. Bijedic, a 54-year-old Moslem, was named yesterday by the country's new supreme administrative body—the 22-member presidency—to succeed as Head of Government Mr. Mitje Ribicic who is retiring at the end of this month.

N BRIEF

ARGENTINA has devalued the peso to 4.70 from 4.40 pesos to the U.S. dollar. The 6.4 per cent devaluation was Argentina's first this year on a crawling peg system.

PAKISTAN President Yahya Khan indicated he would visit Pakistan in the next few weeks for the first time since leaving the province on March 25 after the breakdown of talks with Sheikh Mujibur Rahman.

NEW ZEALAND Prime Minister, Sir Keith Holyoake, was urged against a wall in Dunedin when about 400 anti-Vietnam war demonstrators surged towards him, chanting and tossing smoke bombs.

YUGOSLAV Tourist Office reported that the number of British tourists entering Yugoslavia in the first five months of this year was up 27 per cent on a similar period in 1970.

SENEGAL President F. Diouf presided at a meeting in London that a EEC's common agricultural policy has become a major disruptive force in world agricultural markets.

AMERICA'S United Nations Union spread its active strike over work rules, six more railways and President Nixon summoned the senators to a White House meeting to express his concern over the shutdown's growing economic impact.

CHINA and the West African people of Sierra Leone have agreed to establish diplomatic relations, Peking Radio announced.

Venezuela oil law signed

By Our Own Correspondent

CARACAS, July 30.

President Rafael Caldera today signed into law the controversial oil revision measure which stipulates that all oil assets will revert back to the nation once concessions expire.

Most concessions, originally made in 1943-44, will begin to expire in 1983-84. If the oil company assets have been fully utilised by that time they do not get any compensation for the parties that revert.

The oil companies, chief among them Shell, are expected to take matter up to the Supreme Court within 10 days after signature. It was reliably reported that the companies claim the issue is one of "de facto nationalisation" and that it is unconstitutional. "It is not just a question of satisfying our stockholders," said an oil company executive, "we are exercising democratic rights to defend ourselves, in all honesty, think right."

President Caldera, in announcing the signature of the revision, said that "though it is possible that some aspects of this law could have been improved upon, by no means does it cast any doubt on its legal validity."

W. German trade surplus 3.5% higher

by Christopher Lorenz

FRANKFURT, July 30.

WEST GERMANY had a trade surplus of DM6,900m. in the first six months of this year, an increase of about 3.5 per cent on the surplus for the first half of 1970. Last month's surplus was 17 per cent lower than that of June, 1970, however.

Both exports and imports were 30th per cent higher in the first half of this year (DM6,900m. and DM6,000m. respectively).

If the comparisons are just to take account of price effects, exports rose by only 10 per cent, against an import increase of 13 per cent.

Provisional figures issued by Bundesbank show that West Germany's balance of payments current account ran a deficit of DM100m. in the first six months of 1971, compared with a surplus of DM700m. in the same period last year.

Indian bank deposits increase

BY OUR OWN CORRESPONDENT

CALCUTTA, July 30.

DEPOSITS of public-sector banks, including the State Bank of India and its subsidiaries which had been operating as state-controlled banks before nationalisation, have expanded 13.62m. rupees during the 6 months ended May 1971. This is a record in an official bank since the nationalisation of the 14 Indian commercial banks. Deposits grew 15.9 per cent in the first year of nationalisation, against 16.2 per cent in the previous year, but increased to 9 per cent in the second year of nationalisation. This improvement however has not been able to satisfy the full credit requirements of the economy. In addition the deposit growth of the nationalised banks has fallen behind the 18 per cent growth achieved by banks operating in the private sector, though deposits of the public-sector banks at Rs.49,810m. constitute nearly 80 per cent of total deposits of all banks.

The release also notes 3,419 branches were opened between July, 1969, and April, 1971. The nationalised banks have set an ambitious target of branch expansion for the current year, but it is questionable whether such growth can be sustained for long as a number of problems remain. To begin with, a branch normally takes three to five years in this country to become viable and the shortage of trained and experienced personnel has begun to show.

Shoestring credit into agriculture, into small industries and to self-employed persons—which are considered as priority sectors because they had been neglected before nationalisation—has got off to a good start. Substantial advances have been made to these sectors, though the progress in this direction received a setback in the second year of nationalisation. Advances to these sectors have risen by only Rs.1,390m. in the nine months from July, 1970, to March, 1971 (a full year's figures are not yet available), compared with a rise of Rs.3,200m. during the year ended June, 1970. This means that of all new advances the share of the priority sectors was 56 per cent in the first year, but fell to 39.5 per cent in the second of nationalisation.

The fall in the growth of advances to the priority sectors has occurred despite the diversion of credit from other sectors, particularly the organised industrial sector. This has undoubtedly tended to hamper the expansion of industrial production.

Profits of the nationalised banks amounted to about Rs130m. compared with Rs50m. in 1969. Although the working of the nationalised banks is not intended to be judged by the criterion of profit, it is to be noted that the surplus which the nationalised banks have transferred to the Government out of profits barely covers the interest which the Government pays on the total compensation bonds of Rs.870m. paid to the former banking undertakings at the time of nationalisation. Meanwhile the 13 foreign banks operating in India have earned profits of Rs.30m. for 1970, compared with Rs.20m. in 1969. Almost the entire profit has been remitted abroad. Deposits of these banks have risen from Rs.4,210m. in 1968 to Rs.5,790m. in 1970 while advances have increased from Rs.3,640m. to Rs.4,580m.

HYDRO-ELECTRIC PROJECTS

Hopes pinned on the manatee

BY CLAIRE STERLING

THE MANATEE, a mermaid in the olden days for sailors who were far from home, is not altogether the ravishing creature of legend. Its heavy body, 12 feet long, is pocked with slime-green algae, its rubbery nose covered with bristles, breasts leathery, front flippers (there are none at the rear) tipped with three coarse nails. It cannot sing, being mute, though it will sigh and groan when hurt. Neither can it smile enticingly, having no front teeth. Yet when that toothless mouth opens with glutinous pleasure as those clumsy flippers shovel the food in—the upper lip is cleft for speedier intake—the charm of this singular mammal becomes apparent.

For the manatee eats water-hyacinth, will eat practically nothing but, and keeps at it all day long. Nobody else is so excessively fond of this watery vegetable, which few fish will bother to nibble at, the lower biological orders don't care for, and humans find peculiarly obnoxious. That is why, after letting manatees very nearly die off without a second thought, we are suddenly giving them our affectionate attention.

Once, the water-hyacinth was simply a pretty flower in Japan. Then it went off with someone or something to South America, after which it soon began to show up in almost any body of water where the climate was genial.

The whole Congo River has been threatened by it. Half the White Nile's flow through the vast Suddanees Sudd swamp is lost because of it. Almost every hydro-electric project built in the tropics since the last World War is menaced by it, among them Rio Lempa in El Salvador, Rio Lindo in Honduras, Lake Apapane in Nicaragua, the Toekomstig Reservoir in Surinam, the Ebimobil, Ubol Ratan, and Nam Pung in Thailand. And it is already a nightmare for development planners in the Lower Mekong Basin, who have barely got around to building a handful of the four or five dams they have in mind, and are not sure if they dare go much farther. (North-east Thailand, in the Basin area,

is blanketed with water-hyacinth, which is why three reservoirs listed above are not filling. Once it gets going in these waters, it can form a mat thick enough to walk on, and spread at a frightening rate over hundreds of square miles. The mats can slow a river's flow to a trickle; increase floods

than losses through evaporation. Furthermore, it has survived every assault devised by man. Sawboats with Rubie Goldberg contraptions may cut the same area four or five times, and it will still sprout again. Demonic leaf-eating beetles have been turned loose on it and retired in defeat. Weed-eating fish such

most promising spray is 2,4-D, a defoliant long since banned by the U.S. Army in Vietnam. When manufactured correctly and applied in exactly the right doses it works and is not a fish poison. But a contaminant called Dioxan has an unfortunate way of creeping into its manufacture undetected, causing prenatal deformation in humans and drift carried by the wind can devastate crops.

There remains the manatee. Like its sea-going Indo-Pacific cousin, the dugong, it is no longer easy to come by, still less to keep. Some are left in British Guyana, but not many; they are too virtuous, too sunny-tempered and much too good to eat. Their flesh, depending on the cut, may taste like poultry, fish or beef. But that of their young is more like veal. Their fat is more delicious than butter, with a milk flavour of pork in the young ones and the added advantage of no going rancid in the heat. It is also a mild laxative, and burns brightly in lamps, if any further incentive to hunt them were needed.

Though shy of the hunter, they would never think of hunting him back, being strict vegetarians, and toothless besides. They are therefore incapable of frightening men off, and since they are monogamous and love each other, they may even flounder after a hunter, heaving to be taken along, if he is carrying off a mate.

It is this very goodness that will doubtless keep them from being saved, now that we are trying rather late in the day to save them. From the time the water-hyacinth forced itself upon our attention, efforts have been made over and over again to capture and breed manatees in Mexico and the U.S., keeping them in waters where they have only to reach a flipper nut for a much as they like of the food they do not eat. But only constant surveillance can keep the hunters away; and for all the material comfort, the glided carves languish. Father and mother manatees lose their hearty appetites, sick from time to time, and will not make love. Young manatees—they must gestate a year, and only one at a time—has yet been born in captivity.



A dying breed—manatees in captivity in Guyana.

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	1952-58	1959-65	1966-70	1970-75*
Belgium	2.6	4.8	4.2	4.3-4.8
France	2.5	4.6	4.1	4.3-4.8
Germany	2.1	5.0	4.5	4.3-4.8
Italy	2.1	5.0	4.5	4.3-4.8
Netherlands	2.1	5.0	4.5	4.3-4.8
Britain	2.0	4.6	4.0	4.3-4.8
Japan	2.0	10.5	12.1	10.5
United States	2.0	10.5	12.1	10.5

*1965-69 Projections of growth by EEC/OECD. Figures taken from the Economist, June 26th, 1971.

GENERAL INFORMATION: Crescent International Fund is authorised by the Department of Trade and Industry and is constituted by a Trust Deed dated 25th June, 1971.

The Trustee is The Royal Bank of Scotland Limited.

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APOLLO

Edited by DENYS SUTTON

the international magazine of the fine arts

EIGHTEENTH-CENTURY STRASBOURG



Coffee-pot by Jean-Jacques Ehlert, c. 1749-51. Silver-gilt, height 21cm. The Louvre, Paris. Illustrated August Apollo.

The AUGUST issue of APOLLO gives a varied account of eighteenth century Strasbourg, its architecture and its art. It contains articles on the Palace of the Rohans, who were Bishops of Strasbourg; Ceramics; Painting & Sculpture in Alsace and Gold & Silverware. In addition there are the usual APOLLO features of Art across the U.S.A., London Galleries, Book Reviews and the Sala-room.

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Spain tour inquiry: interim report soon

By Ray Dafter

THE Commission of Inquiry set up this week by the Association of British Travel Agents to investigate allegations against tour operators, will meet for the first time next week.

ABTA said it expected an interim report would be ready for consideration by its council within three weeks. ABTA has already given a warning that if any of its 2,500 members was shown to have allowed a tourist's holiday to be ruined it would not shirk its responsibilities.

The delegation which has returned from Spain after investigating complaints of U.K. holidaymakers, in particular problems of unfinished hotels and overbooking, has said it was delighted with the response from the Spanish Government and was confident that joint action would dispel fears for future holidaymakers in Spain.

It has been agreed to set up a joint working party to lay down regulations to prevent overbooking. The Spanish Tourism Ministry has also agreed to give tour operators more accurate information about hotels and improved estimates of completion.

● A plea to set up an international conference on tourism to lay down agreed standards for tourist accommodation and a world code of conduct for tour operators and hoteliers was rejected in the Commons yesterday by Mr. Anthony Kershaw, Under-Secretary, Foreign Office.

The Minister maintained that there were a number of organisations already dealing with the various aspects of tourism at the international level.

Travelogue of troubles Page 15

Hover Air goes into liquidation

By Our Own Correspondent

PETERBOROUGH, July 30. HOVER AIR, the light hovercraft company formed by the second Lord Brassey of Apethorpe five years ago, has gone into voluntary liquidation.

A spokesman at the company's premises in Whittlesey, Cambs., said today: "We are hoping to sell out within the next few weeks but otherwise the business will close down completely."

In June, 24 workers were laid off when a deal to sell £2m. worth of two-seater hovercraft to the Continent fell through.

The company was formed by Lord Brassey after he had hired a hovercraft to entertain visitors at a garden party in the grounds of his home at Apethorpe, Hall, Northants, in 1965.

When he died in 1967 his wife and her son took over the company.

Cigarettes: what the health warning means for sales

BY ELINOR GOODMAN

"BY CHRISTMAS the health warning on the pack will have become as unobtrusive to the average smoker as the manufacturer's name now is on the cigarette itself." Thus, unofficially, one cigarette marketing man assesses the impact of the health warnings which are now beginning to appear in the shops.

In public, the cigarette manufacturers are less optimistic, preferring to adopt a "wait and see" line. But they agree that for the moment at least cigarette sales are looking relatively encouraging. Despite the 15 to 20 per cent. drop immediately following the publication of the Royal College of Physicians' report on the link between lung cancer and smoking, sales across the country have now recovered to within 3 or 4 per cent. of their December level. In some areas—parts of London and Wales, for instance—tobaccoists say sales have completely recovered their old buoyancy.

New smokers

Some cigarette smokers undoubtedly have broken the habit, but they have been replaced by new smokers, while those who rejected in the number they smoked began to return to their old level as early as February.

The picture, in other words, seems to be no worse from the manufacturers' point of view than it was after the publication of the 1962 health report. Then sales fell by some 15 per cent., immediately after its publication, but recovered to within 2 per cent. of their old level after 8 months.

The introduction of the health warnings on the pack, however, must put at least a temporary question mark over the continuing recovery of sales. Experience in the U.S. seems to suggest that the warnings on their own will not have much effect on demand. There, where a warning on the pack was first introduced in 1966, the immediate effect was to have been a short-lived drop in sales, but it is difficult to estimate how much the drop was due to the warning itself, and how much to other factors like the big anti-smoking advertising campaign which was launched at about the same time. However, it is generally agreed that once the novelty had worn off, the effectiveness of the warning steadily diminished. Indeed, last year, the American warning was deliberately made more positive. It now reads: "Warning: the Surgeon-General has determined that cigarette smoking is dangerous to your health."

The wording of the English version — "Warning by HM

Government, smoking can damage your health"—is, in Sir Keith Joseph's opinion, more effective than the American one. "When introducing it, he said he would describe it as 'fair and accurate' and designed to have an impact on the individual."

In England, too, a burst of anti-smoking advertising will be seen in September to coincide with the bulk introduction of the new packs. Tele-

vision is being used for the first time, and if nothing else, the campaign will doubtless succeed in reminding many smokers of the risks they are running. But even so, the Health Education Council's budget of £100,000 is still insignificant compared with the £10m. spent on advertising cigarettes in the Press alone last year, or indeed, compared with the massive anti-smoking drive in the U.S.

In the opinion of Dr. John Dunwoody, director-general of RSM, the body set up by the Royal College of Physicians to fight smoking, "it can do no more than scratch the surface. You cannot hope to do more with this kind of budget." The warnings on the packs, he believes, have no long-term effect except to "help identify the Government with an anti-smoking point of view."

Like Sir Gerald Nabarro and other members of the anti-smoking lobby, Dr. Dunwoody would like to have seen the RCP's recommendations on restricting advertising put into effect. As it is, according to the terms of the agreement reached between the Government and the cigarette manufacturers, the only new regulation concerning advertising is the stipulation that once the new packs are generally available in the shops, all advertisements will carry a well displayed notice drawing attention to the warning. Thus, last Sunday, the advertisement in the

off, they are unlikely to have any effect on sales, though they may spoil the appearance of advertisements. But, as Dr. Dunwoody himself points out, these measures, though not very effective in isolation, do help create an atmosphere in which smoking may generally become less socially acceptable. And, this, as most of the anti-smoking lobby would say, must be the ultimate aim of all anti-smoking propaganda.

Same pattern

Dr. Dunwoody says it was entirely predictable that sales should have followed the same recovery patterns as after the last report. It's a problem of such magnitude that you can't expect it to be solved overnight."

But though the sales graph as a whole may have repeated the 1962 pattern, within this trend there has been at least one less predictable movement. Usually after a health scare smokers start smoking cheaper, smaller cigarettes; but this year, sales of king-size cigarettes were far less badly hit than most other sectors of the market. Whereas a year ago, king-size cigarettes used to account for only 4 per cent. of the market, now they account for 5 per cent. Cigarette marketing men attribute this increase to three things. Firstly, the real price of cigarettes has not kept up with the rise in the cost of living, secondly,

decimalisation has made products much less aware of price differences; thirdly, king-size cigarettes still tend to be regarded as a luxury, smoked mainly at weekends—and though an effort may be made to determine effort cut down on their days, smokers, they tend to keep to their old level of "smoking at weekends."

More predictably, the sales of filter tips has continued. Filters are estimated to account for 80 per cent. of sales as against 78 per cent. last year. Since the cigarette boom has continued unabated on the surface, looks a staggering rate.

Small cigars

During the first five months of the year, sales are estimated to have increased by 40 per cent. the same period last year, a sale of miniature cigars—most obvious alternative for cigarette smokers trying to quit—has increased by 80 per cent. and cigars by about 35 per cent.

Tobacco manufacturers reluctant to attribute this increase entirely to the health scare. As they point out, cigar market has been a growth one for the past decade. Last year, for instance, sales of cigars (excluding cigarettes) increased by 15 per cent. Agony put this down to a fall in cigarette sales, and to people less price sensitive, a more foreign travel leading to more rigid attitudes to smoking. Also, of course, cigars—unlike cigarettes—can still advertise on television.

Indeed, there does seem to be an underlying strength in the market. For despite the revival in cigarette sales, cigar sales continue to increase rapidly. Pipe tobacco, on the other hand, which also increased its sales immediately after the publication of the RCP Report, seems to be losing its additional impetus, to be showing signs of return to its old level.

Cigar marketing men are confident that the market will continue to expand, becoming increasingly competitive as it does. This year has already seen the introduction of a major contender for the imported market of the Panter range of Dunlop cigars, marketed in this country by Opdens, while Wills had very successful launch last September with its miniature brand. But despite the growth in the cigar market, remains small. In terms of weight, it only accounts for about 2.7 per cent. of the tobacco sold in the country, while the average consumption per head is still of 25 a year.

THE BIRMINGHAM SMALL ARMS COMPANY LIMITED

TO ALL STOCKHOLDERS

- The stockholders have already been informed that Cooper Brothers & Co. were asked late in May to carry out an urgent review of the Company's financial position and prospects.
- Their report has now been received and considered by the Board. The Board has accepted in general principle the recommendations of the report and intends to implement them as quickly as possible. The management has already put in hand several measures of reorganisation.
- The Board has decided that stockholders should immediately be acquainted with the main points which have emerged in Cooper Brothers' report in regard to the financial position of the Group. These are:—

- on the basis of the internal accounts it is expected that there will be a Group loss of approximately £3m. for the year ending 31st July 1971, to which will be added an exceptional round-sum provision of £1m. in respect of losses arising from product rationalisation measures. An exceptional profit of £700,000 will be credited from the sale of the Redditch factory which has been empty for some time;
 - the cause of the trading loss for the current year was the dislocation of production in the Motor Cycle Division which led to a low volume of output prior to the peak selling season. The dislocation of output was itself attributable mainly to delays in completing the design of the new models and a contributory cause was delay in the receipt of components from suppliers;
 - there will be a need for additional provisions in the accounts of the current year to cover items of an exceptional nature arising from future reorganisation of the activities of the Motor Cycle Division. The full amount of these provisions cannot yet be accurately established; and
 - by reason of the heavy losses, the Group is undercapitalised and its borrowing powers are insufficient, as is evidenced by the fact that the current bank borrowings are close to the limit permitted by the Articles of Association. The Company's British and American bankers have been kept closely in touch with the position and will be given forthwith a copy of Cooper Brothers' report and asked to continue their support during the period of reorganisation. Measures are also in hand to develop additional sources of finance.
- Cooper Brothers have recommended, inter alia, that a new management structure is needed and in particular that a new managing director of high calibre should be recruited to fill the vacancy in the Motor Cycle Division.
 - The report shows that given adequate finance, the remedial measures already in hand together with further steps now being studied by the Board should enable the Motor Cycle Division to return to a profitable basis of trading. The non-motor cycle activities have been profitable during the past year and show good prospects for the future.
 - In the circumstances the Board has decided that no dividend will be paid to the ordinary stockholders in respect of the year ending 31st July 1971.
 - During the past fortnight a conditional bid for part of the Group's equity has been announced. On the facts presented in Cooper Brothers' report, for a partial bid to be recommended by the Board, whereby stockholders would retain an equity interest in the Company, there would have to be an assurance from the bidder that substantial new capital would be available for injection into the Company.

By Order of the Board,
T.G. Niven,
Secretary.

30th July, 1971.

Fleet St. tribute to Lord Astor

LEADING PERSONALITIES from the newspaper industry were among the large congregation which paid tribute to Lord Astor of Hever at a memorial service held yesterday at the Church of St. Martin-in-the-Fields, London.

A former chief proprietor of The Times and chairman of The Times Publishing Company from 1922 to 1959, he died on July 12, aged 85.

Sir Brian Windeyer, vice-chancellor of the University of London and a personal friend, read the lesson. State trumpeters of the Household Cavalry, in which Lord Astor gave distinguished service during the First World War, took part in the service.

Lord Astor was a generous patron to Middlesex Hospital and 30 members of the nursing staff attended in uniform. Many other representatives of the Hospital were present.

Tory MP to ask about Compass Club

MR. MICHAEL MCNAIL-WILSON, Conservative MP for Walthamstow, East, has put down a Parliamentary question asking Mr. John Davies, Secretary of Trade and Industry, to make a statement about the initial grounding by Department officials of Thursday's flight organised by the Compass Club.

He has also asked for information about the club and its organiser, Mr. Hugh Hutton. The flight was stopped because the Department was not satisfied that it complied with safety regulations.

The 250 passengers were allowed to proceed after their £89 return fare had been refunded and the aircraft had been cleared for a "single entry" trip. An employee of Compass Club had since been dismissed after a girl friend had impersonated Miss Lavinia Woodhouse, daughter of Lord Terrington, claiming to have guaranteed the flight.

INCREASED GOLD FLUCTUATIONS

Gold may be profitably traded in the short-term as a speculative commodity, but there is no certainty of a continuing long-term rise, according to Moccata and Goldsmith.

The renewal of interest in gold as a monetary hedge, which has raised prices in the free market, and will in the short term increase market fluctuations, can eventually justify itself, say the brokers, only if the monetary price of gold is raised, and "this still seems to us a very remote possibility."

Vehicle and General Tribunal of Inquiry

Publicity a hazard that has to be faced—Chairman

A DEPARTMENT of Trade representative was told by the chairman of the Vehicle and General Tribunal yesterday that newspaper publicity was a hazard that had to be faced in an industry subject to inquiry.

Mr. Justice James spoke after Mr. Webster, QC, for the department, had drawn attention to the reporting of the cross-examination yesterday of Mr. Norman Nail, a principal in the DTI.

Mr. Webster told the tribunal: "You probably saw the various newspapers this morning. There have been a number of them in which it is right to say that the evidence was quite accurately reported. But what was highlighted was some of the more sensational features of the evidence and Mr. Nail is quite humanly anxious about his reputation, particularly in the City."

Mr. Nail replied: "I realise that. It is the selective nature of the Press reports that worry me."

Referring to a letter from another insurance company official which had invited the department to look at a comparison of ratios, Mr. Nail asked Mr. Nail: "This was information from a man who had spent his whole life in the industry?"

Mr. Nail said this was so but not all of it had been dealing with the supervision of insurance accounts which he was personally doing. He thought his own experience was the greater.

He had a rough idea of how V and G kept its books and thought it not impossible for it to produce run-off statements and had been assured it would do this.

Mr. Michael Kerr, QC, a member of the tribunal, asked if the writer of the letter had been the chairman of the V and G and was currently solving within the meaning of the Act he was turning to what he regarded as the main difficulty about V and G's asset structure.

Mr. Nail said he was always tried to discount this point but thought there was some prejudice against V and G and other non-tariff motor insurers, sometimes quite justified.

It also turned on the possibility that these people by selecting a narrow band of profitable risk might be creaming the market and might not be able to make a better profit because of this than the tariff companies. When the tariff was abandoned completely even the biggest companies like Commercial Union and Royal went in for policies of the tailored type to the proven motorist—the type which V and G had first pioneered.

Mr. Kerr asked if the department had a slightly negative approach to criticisms of V and G coming from the establishment, and Mr. Nail answered: "Yes. It is fair to say there was a certain amount of wariness about V and G coming from the establishment although it was not just to do with V and G."

Questioning Mr. Nail on the 1963 accounts, Mr. Nail referred to a minute written by Mr. Nail which, he alleged, demonstrated a doubt as to the extent of the

solvency margin of V and G in the year.

Said Mr. Nail: "Beyond the adventure there was in your mind a complete state of doubt as to whether the statutory solvency margin was available and whether you ever looked at subsequent resolved that state of doubt."

Mr. Nail replied: "No. It is not the doubts I had were in relation all the time to future solvency. Given that there would be some uncertainty about the claims and unexpired risks I did not doubt that the understanding of these provisions could be taken up in the spare assets of the account."

He added that the only real doubt that arose was whether the unexpired risks and unpaid claims were understated in the account and, having no reasonable doubt that V and G was currently solvent within the meaning of the Act he was turning to what he regarded as the main difficulty about V and G's asset structure.

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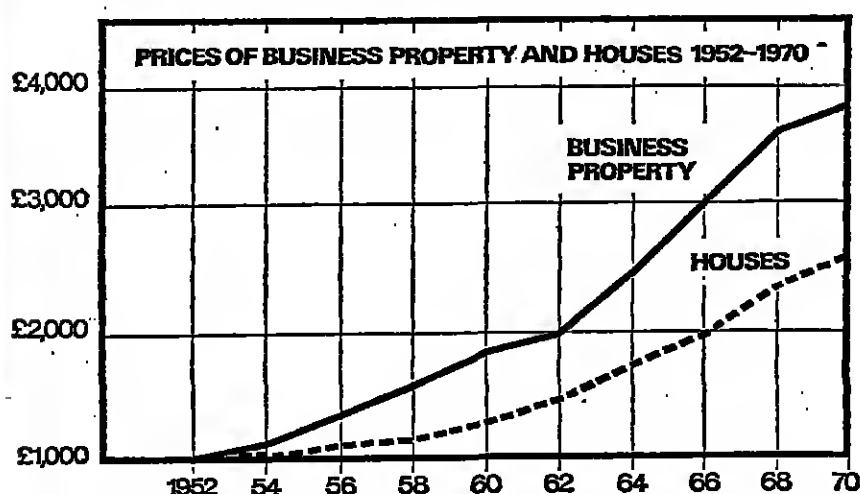
Draw 6% p.a. tax free

—with all the security and growth potential of Hambro Property Investment Bonds

Since the beginning of May over 3,250 people have invested nearly £4,000,000 to make the launch of Hambro Property Investment Bonds the most successful ever.

Why? Because of the following important advantages:

1. The security and growth potential of first-class business property.
2. Backing by Hambros, one of the most famous names in British banking.
3. Management by an outstandingly successful team, led by Mark Weinberg, with an advisory panel of property experts.
4. Increasing life assurance cover built in at no extra cost.
5. Valuable tax advantages.



1 First-class business property

Everyone knows from their own experience that the prices of houses have risen dramatically over the years. The graph (specially commissioned by Hambro Life from the Economist Intelligence Unit) shows how business property has risen in value even more dramatically over the last 18 years.

Naturally, there can be no guarantee that business property prices will continue to rise in the future at the same rate as they have in the past; indeed, values could fall as well as rise. But the historical trend has been strongly upwards, and, in our opinion, a well-selected spread of business property is likely to prove a highly rewarding investment.

To combine the prospects of good capital growth with a secure and rising rental income, the policy of the Fund is to invest in first-rate office buildings, shops and industrial premises in the growth areas of the United Kingdom, let on long leases to good quality tenants with regular rent reviews. Initially, up to 20% may be invested in financing new buildings in partnership with established developers. To improve its yield and growth prospects, the Fund may, in proper circumstances, buy property subject to an existing mortgage or borrow against properties to purchase further buildings, provided total borrowing does not exceed 25%.

Rental and other income, after expenses, charges and tax, is automatically re-invested in the Fund to increase the value of your Bonds.

How you can draw 6% p.a. tax free

If you invest at least £1,000 you can take advantage of the 6% per annum Cash Withdrawal Plan.

Twice a year, 3% of your Units will automatically be cashed-in and you will be sent a cheque for the proceeds. This amount is free of income and capital gains tax.

Assuming the net rental income accumulated in the Fund is 3½% per annum, the capital value of the investments in the Fund will have to grow by 2½% p.a. (after allowing for capital

gains tax) in order to maintain the original value of the Bonds calculated at the offered price. Of course, to the extent that the capital growth is greater, the value of your remaining Bonds will grow even after you have drawn 6% per annum in cash.

* If you're a surtax payer, you'll be liable for surtax solely on the profit element in the 6%.

2 The security of Hambros

Hambro Life is a member of the Hambros Bank Group. This means that as well as enjoying the backing of one of the leading merchant bank groups in the world, Hambro Life will be able to invest the whole of its Fund in property. The Company has a standby credit with Hambros Bank—initially set at £1 million—which makes it unnecessary to maintain a margin of liquidity inside the Fund in present circumstances.

3 Management expertise

Hambro Life is managed by a team, led by Mark Weinberg, who have had outstanding experience in the field of property bonds. Their achievements include founding and building up one of the largest and most successful life assurance companies in the country.

A panel of experts with wide property experience has been set up to determine policy and to supervise the investment of the Fund. The members of the panel are: J. E. Cullis, Chartered Surveyor; J. N. C. James of the Grosvenor Estate; and Geoffrey Morley, former investment manager of the Shell Pension Fund. Under the guidance of these experts, a full-time property investment manager, who is himself a Chartered Surveyor, will manage the Fund on a day-to-day basis.

A leading firm of Chartered Surveyors, Messrs. Jones, Lang, Wootton, will independently value the properties in the Fund at least once a year.

4 Increasing life assurance

Unlike any other property bond, Hambro Property Investment Bonds have a built-in life assurance benefit which actually increases with the value of the Bonds themselves. This means that the amount payable either to your family or your estate on your death is always in excess of the actual cash-in value of your Bonds.

5 Tax advantages

The rental and other income which is accumulated in the Fund for your benefit is subject to tax at only the

reduced life assurance company rate of 37½%. It is not treated as your income for tax purposes, so that you pay no income tax on it. There may be a liability to surtax when you take out the proceeds if you are then liable to surtax, but this amount is calculated on advantageous terms.

You are not liable to capital gains tax, and do not have the trouble of keeping records. The price of the Units is adjusted to allow for the Fund's own prospective liability. In current circumstances it is intended to restrict this deduction to 20% of the capital growth.

How can I watch the value of my Bonds?

The Hambro Property Investment Fund is split into Units and the value of the Fund is calculated twice a month. The resulting offered and bid prices are published in The Times, Financial Times and other leading national newspapers.

How do I cash my Bonds?

You can cash-in your Bonds at any time by sending in a simple claim form, and will receive a cheque within a few days.

To ensure that Bondholders receive the maximum value when cashing-in their Bonds—even in the very unlikely circumstances when it may be necessary to sell properties to meet withdrawals—the Company considers it prudent to reserve the right to defer repayment in exceptional conditions for up to 6 months. This will not apply in the case of the death of a Bondholder.

What are Hambro Life's charges?

The offered price of the Units takes into account an initial charge of 5% and a rounding-up charge on unit trust principles. In addition, Hambro Life receives an annual charge of ½% of the value of the Fund. This covers the cost of providing the life assurance benefit as well as the Company's expenses.

The cost of buying, selling and managing the properties, as well as the valuation fees, are paid out of the Fund, and will not exceed the charges laid down by the Royal Institution of Chartered Surveyors.

Annual Report

Every year, you will be sent the Annual Report of the Fund, giving a full description of all the properties, the names of the tenants and when the rents under the leases come up for review, together with the valuations of the property by the independent valuers.

How do I buy Hambro Property Investment Bonds?

Simply complete the application form and send it in with a cheque for the amount you wish to invest. Your Bonds will be sent to you within four weeks.

To: **Hambro Life Assurance Limited**
6 Little Portland Street, London, W.1. 01-637 2781

I wish to invest £ (minimum £250) in Hambro Property Investment Bonds and enclose a cheque for this amount payable to **Hambros Bank Limited**.

Surname: Mr./Mrs./Miss _____

Full First Names _____

Address _____

Occupation _____ Date of Birth _____

Are you in good health and free from effects of any accident or illness? _____ If not, please give or attach details.

Tick here for 6% 'Cash Withdrawal Plan' (minimum investment £1,000.) ☐

Signature _____

Date _____ FT SP 3

Send in your application and cheque now to get the benefit of Units allocated at the current offered price of £1.016. Offer closes on Friday, 6th August, 1971.

The death benefit is a percentage of the cash-in value of your Bonds, depending on your age at death. Specimen examples are set out below (a full table appears in the Bond policy).

Age 30 - 250%
Age 40 - 180%
Age 50 - 130%
Age 60 - 111%
Age 70 - 104%

These benefits come into force only upon the acceptance of your application by the Company, which reserves the right to offer restricted life cover if you are not in good health or for any other reason. Commission of 13% will be paid on any application bearing the stamp of a bank, insurance broker, stockbroker, solicitor, accountant or estate agent. This advertisement is based on legal opinion regarding present law.



**Hambro
Property
Investment
Bonds**

Labour News

Arrests follow strike picketing at Fine Tubes

BY ROY ROGERS, LABOUR STAFF

NINE demonstrators were arrested yesterday following violent incidents during a "national day of picketing" outside the Plymouth Fine Tubes plant in Plymouth.

They were part of a 200-strong crowd comprised of workers from Coventry, Bristol and various parts of the South West, which tried to prevent strikers from entering or leaving the plant.

There were charges of police brutality after the nine men—eight of them from outside the Plymouth area—were arrested following scuffles during which car windows were smashed.

Mr. Ron Nethercott, the Bristol-based regional organiser of the Transport and General Workers' Union, complained bitterly about police conduct as being "the sort of thing we saw in Fascist Germany."

"I have never seen anything like this before, the police have behaved disgracefully and many of our lads have been pushed into the ground for doing nothing. There have been ugly scenes here this morning, but they have been caused by the police. It is a disgrace to the city of Plymouth."

Before leaving for the police station to try to hail out the arrested demonstrators, Mr. Nethercott said: "I shall complain officially to the Chief Constable, see our union MPs and have the matter raised in the House."

The dispute is recognised as official by the TGWU and the Amalgamated Union of Engineering Workers, and the Department of Employment is considering a plan, made through the TUC, for a Government inquiry.

It began 59 weeks ago in support of a substantial pay claim but developed into a recognition battle—on the lines of that a few years ago at Roberts-Arundel, Stockport—when the 180 strikers were dismissed and replaced by non-union labour.

Since then the strike committee has toured the country persuading workers at many supplier and customer companies to black the Plymouth-made tubing, but Fine Tubes is still operating, and management says production and

turnover have increased since the dispute began.

Yesterday Mr. Nethercott admitted that he sees no way out of the situation. He said that yesterday he asked Mr. Tom Barclay, the managing director, to "come out and meet me, but he just stood there. If we can't get him around a table we can't stop scenes like this."

Late in the afternoon a police spokesman denied the brutality charges, saying that the demonstrators had had to be physically held to allow workers to enter and leave the plant. Thirty-five officers and constables were involved, and the nine arrests were for obstructing the police, public order offences and wilful damage to motor vehicles.

He said charges were being preferred, and the men would probably be bailed to a later date. No policemen were injured and, as far as it was known, no other person was hurt.

Newspaper print unions may reject 7%

By Our Labour Reporter

A PAY OFFER to national newspaper printing workers that would cost about 7 per cent. in a full year is expected to be rejected by their unions.

The offer will be discussed by the executive of Natsona on Monday and it is expected to reject it. Negotiators for the National Graphical Association have already turned it down and they may seek separate negotiations with the Newspaper Publishers Association.

The unions had jointly asked for 10 per cent. on basic rates plus the consolidation of their £1.10 cost of living bonus. They later modified this to a claim for £1 a week more on basic rates and consolidation of the bonus.

The employers conceded this but wanted the bonus to be consolidated in two stages. A further meeting to allow the unions to reply to the NPA offer has not yet been arranged.

Riverside dockers may accept 5% increase

BY OUR LABOUR REPORTER

DOCK union leaders are expected to recommend to a delegate conference of members early next week a pay deal that will give increases of up to 5 per cent. on earnings.

The deal will affect about 4,000 riverside workers in London whose basic rates are £27.50 for a 40-hour week. They also have bonus payment schemes with individual companies.

The employers' offer is for a 5 per cent. increase on basic rates, with increases of up to 5 per cent. on bonuses and an early review.

A settlement of the riverside men's claim will increase pressure on the London enclosed docks employers who recently rejected a claim for 10,500 dockers. They suggested that the unions should discuss getting rid of about 800 light duty men whom the employers claim cost about £1.5m. a year in wages without any contribution to productivity.

This has been rejected by a dockers' delegate conference and a mass meeting has been called for Monday to discuss the employers' refusal to meet the claim.

Exhibition pay package after employers' threat

BY ROY ROGERS, LABOUR STAFF

AT A HASTILY convened meeting of the National Joint Council for the Exhibition Industry yesterday agreement was reached on a pay and conditions package for some 4,000 exhibition standstill craftsmen and labourers.

The NJC meeting was called by the union since the employers had issued an ultimatum that if its package was not accepted by the end of this week they could not guarantee retro-spection to July 4 when the last pay deal expired.

The men from the bottling plant followed up an overtime ban and work-to-rule by walking out on Wednesday.

two weeks earlier. However, they did extract a commitment from the employers that there would be an NJC meeting early in December "to consider any difficulties which might arise in respect of commitment increases in the cost of living."

The deal, which is backdated to July 4, gives craftsmen an extra £3 a week and labourers an extra £2.80, taking their rates to £32 and £28.80 respectively for 40 hours. Also included in the package are increased six pay, lodging allowances and holidays.

The Group said the redundancies were due to an unforeseen reduction in contracts for nuclear power stations at home and overseas.

PUBS RUN DRY

Several dozen public houses have run dry and more than 850 others in south-east London face the same prospect within the next few days if 600 men at the Allied Breweries, Romford, remain on strike.

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A travelogue of troubles in Madrid

By ARTHUR SANDLES, who was in Spain for the meeting between the British tour operators' spokesmen and the local tourist officials

IT WAS the sort of blazing hot day in Madrid on Thursday that holidaymakers hope for when they head for Benidorm.

Outside, it was not the sort of weather for work. But within the offices of the Ministry of Information and Tourism an air-conditioned atmosphere allowed Spanish Government officials and representatives of the British tour operators to generate a different sort of heat.

For as British holidaymakers currently in the Costa Brava, Blanca and del Sol, as well as the crowded Balearic Islands of Majorca and Ibiza, there will be little to show for it. But what has happened is that both the Spaniards and the British travel industry have had some warning shots fired across their bows, and have taken note.

The £150m. Spanish-U.K. package tour trade is too sensitive an animal to risk a continuing flood of bad publicity.

The events of the past few days and the background sequence of travel troubles over recent weeks should be seen in relation to various other pressures faced by the main parties in Thursday's debate. Both sides were at first keen to throw accusation and counter-accusation, but both were in fact looking over their shoulders at problems which could be much more serious than a hundred or so tourists getting into the wrong Costa Blanca hotel.

What is particularly hothousing the U.K. tour operators is a season of friction between some of them and their retail colleagues, the travel agents, and the prospect of Government control of the industry. Travel agents have been complaining for some time about the difficulties with some operators who, they have volubly argued, have cut margins so much that there

Crashes

At the moment, anyone who wants to be a tour operator can do so provided he thinks he has the money and the ability. It was a rash of crashes by people who had neither the cash nor the skill in the mid-sixties (Fiesta, Omar Khayyam) that provoked the then Board of Trade into thinking about operator registration and the Association of British Travel Agents into forming a rescue fund and being much tougher with members 1 order that State action would be averted.

Every incident involving British travellers abroad makes it more certain that the rather vague wording of the Bill about licensing tour organisers will be translated into somewhat stronger action. It is quite possible that tour operators would be treated like airlines—licensed to do certain things and having to prove that they are airworthy (in this case by showing adequate cash balances).

A governmental system of fines and other penalties might, for example, come into play when a tour operator overbooks.

It is to avoid this situation that ABTA now has to show itself to be both a trade protection society and a consumer watchdog, a dual role which the senior members to whom I have talked recently do not see as impossible. The commission of inquiry set up by the Association to look into the state of complaints about tour operators will meet for the first time next week and should be presenting an interim report within three weeks.

The Spanish authorities have also been encouraged to put on a public display of ferocity. They were obviously highly amused this week that the British should take what they regarded as "an irrelevantly



Mr. Bob Waller, chairman of the Association of British Travel Agents.

small minority" of complaints so seriously. Other big package markets for the Spanish, notably West Germany and Sweden, will not get the troubleshooter, the joint committee to examine problems, or the weekly availability of progress reports on hotels. Only the British, it seems, are pernickety enough to ask for them — or at least only the British Press is foolish enough to keep writing about them.

In fact the British are not the world's worst tourists as far as causing trouble is concerned. In Spain a recent Government sponsored survey showed that the Germans complain most about the state of the beaches (9.7 per cent. of them were upset compared with 6.7 per cent. of the British), and the Germans too were annoyed by noise at night. The highest non-complaining groups were the Austrians, the Belgians and Dutch and the Americans. Individual hoteliers, however, seem to like least playing host to the fastidious French.

Price rises

The Spanish survey was just another indication of the way in which the country is taking the preservation of its tourist image very seriously indeed. The travel business contributes nearly \$1,700m. a year in foreign currency to the Spanish economy, which is by far the largest chunk of external income.

Having suffered already from cholera scares, the occasional pollution problem (even if Spain is clinically clean compared with the Italian seaside), an occasional unfinished hotel and now the question of overbooking, the Spaniards were in a

touchy mood when Thursday arrived. Both sides were at first keen to demonstrate that they were largely right. It was then obvious that with the newspapers waiting outside a further public wrangle would be unfortunate, to say the least.

But efforts to tidy up the loose ends of the tourist situation in Spain are likely to add more to the already growing pressure for price increases on next year's holidays. Already the charter airlines which carry the package tourists have been asked, and largely have given, a 5 per cent. increase in charter rates thanks to increased costs (such as aviation fuel). The narrow profitability of some operators has led to a general feeling that prices ought to rise if disaster is to be avoided. A couple of months ago the Air Transport Licensing Board warned that unless there was some increase in margins one or two operators might be forced to the wall.

Towards the end of last year, members of the Tour Operators Study Group (the big league's own club) introduced a scheme of "bonding" which should in theory prevent serious troubles for tourists if one of the top 20 package tour operators folds. The "bonds" are effectively insurance premiums which guarantee continued payment for holidays threatened by an operator's financial troubles.

In fact the events of Madrid are clearly a stepping stone in a gradual and accelerating process in the travel industry which started with the collapse of Fiesta. That incident came as a considerable shock to both the industry and the public. Until then no one had quite realised how high the package tour market had become. It is now three times as big and will

grow this year by 15-20 per cent. The bulk of the traffic goes to Not that Spain has always been happy with its position, suspected for some time there were too many and too little cash. The visitor to Spain in 1969 less per head than his counterpart did in 1966 (£40 cor with £44.70).

Up-market

He was also spending 1 day in Spain (£2,800) would do in Austria, Switzerland and the Countries. The Spaniards noticed this and for a seemed to want to up the image, partly by putting on the tour operators and by building conference in Madrid and the Costa and a string of golf courses are signs that this, while continuing, fired by the burning air that once it was. Up-market tourists will be more than come, but the traditional heavily drawn from a class white-collar workers (Europe) will not be away.

So what does the maker get from all this? deliberations of Mr. Bob Waller, current ABTA chairman, course people like Mr. Gullick, head of the industry giant, Clarksons, certainly produce a touch the British holiday up of the procedures which they are right when the that very few people, unfortunately, are unhappy what they get. The difference arises when you or I am of that small proportion

Giscard d'Estaing criticises creation of new SDRs

BY ADRIAN DICKS

PARIS, July 30.

THE creation of \$3,000m. (£1,250m.) worth of Special Drawing Rights by the International Monetary Fund, due to take place automatically next January, does not seem to correspond to the present needs of the international monetary system, M. Valéry Giscard d'Estaing, French Minister of Finance, said here today.

He told a Press luncheon that France, in taking up this position towards the SDR system was confident that it would find a sympathetic echo among its partners in the European Community. Up to now SDRs had been relatively little used in international dealing. He said the total volume of transactions in SDRs had been well under \$1,500m. (£625m.). In future they should be distributed "only up to the point where the international monetary system can cope with them."

Fixed parities

M. Giscard d'Estaing repeated his view that the prospect of a Common EEC position on exchange rate reform—to which France remained opposed—would depend on the D-Mark and gulder returning to fixed parities.

There is no reason for any European country to change its parity now," he added.

The French Finance Minister firmly dismissed suggestions that bilateral contacts between France and Germany might take place between now and the meeting of Community Finance Ministers on September 15.

Yet, despite the denials from both sides, there have been some signs that a compromise may be hammered out between the two Governments, probably in early September, whereby France

would agree to look more sympathetically at exchange reform in return for the D-Mark's being put back on a fixed parity. Monetary opinion here now regards such a deal as increasingly likely.

*The Buodesbank yesterday sold between \$70m. and \$80m. on the Frankfurt foreign exchange market at DM3.4605/10, equivalent to a DM revaluation of 5.8 per cent. It has now sold between \$670m. and \$730m. in the last three days alone. Today's official fixing was DM3.4601.

Car price rise forecast

CARS were going to cost more by the time of the October Motor Show, Mr. Alan Dix, managing director of Volkswagen Motors, said yesterday.

"I do not think the public should be lulled by the recent welcome purchase tax cuts into thinking there will be no increases in car prices this year," he said at the official opening of the £175,000 Volkswagen Service Centre at Colindale, North London.

"As somebody from Vauxhall said the other day, there are too many cost inflation already in the pipeline."

So while most in the motor trade had been happy to cut prices and pass on the full substantial benefit of the tax cuts to customers, he doubted if there was a single make of car which was not going to cost more by October than it does now.

Government to end port modernisation grants

BY RAY DAFTER

THE Government has decided to end 20 per cent. port modernisation grants, Mr. John Peyton, Minister for Transport Industries, said in a written answer to Parliament yesterday.

Mr. Peyton said the scheme was no longer necessary or appropriate. The grants were designed to help the ports industry modernise and adapt to new cargo handling methods such as containers and roll-on-roll-off freight and to assist them to build facilities for the new generation of large bulk carriers and tankers.

Qualifying period

The grants were introduced in January, 1966. Between 1966 and 1970 ports capital expenditure amounted to about £220m., of which about £30m. was in the

form of grants. Mr. Peyton, I believe, now feels that U.K. ports are comparatively well equipped and that the emphasis should now turn to operating the facilities profitably.

Mr. Peyton said transitional arrangements would be made to ensure that grants to be paid for three more years only where contracts had been concluded by yesterday's date. The qualifying period before payment was normally made would be reduced from nine to six months.

As a special help for the Port of Liverpool, which was refused Government aid, grants will continue to be paid on contracts still to be let as an integral part of the £40m. Seaford dock scheme.

Loans for harbour works are still to be made available, and authorities are being told that they can apply for loans to cover

the amounts they would previously have received by way of grants.

The Government is easing restrictions on its sanctioning procedures for major capital works. In future only schemes costing more than £1m. (as opposed to the previous limit of £500,000) would have to be referred to the Government and National Ports Council for approval.

Mr. Peyton added that he was aware of other means of forwarding the Government's policies for the ports and would be making an announcement as soon as possible.

He reiterated that the NPC would have an important role in any such matters which, I understand, will probably relate to port financing arrangements, career structures and industrial relations.

Bread 'up 1p in September'

BY DAVID WALKER

BRITAIN'S independent bakers, who supply around 20 per cent of the bread market, are likely to put up prices by 1p on a large loaf in September, Mr. Morris Zimmerman, director of the National Association of Master Bakers, Confectioners and Caterers, forecast in London yesterday.

Mr. Zimmerman's prediction reinforces earlier warnings from the major plant bakers that a further bread price rise is inevitable by the end of the year.

The only uncertainty seems to be over the size of the increase. Last month, Mr. Michael Varnon, chairman of Spillers, whose United Bakeries subsidiary supplies 13 per cent. of the U.K.

market, said 1p was the minimum amount on a standard loaf which at present generally costs 94p.

Other industry sources, however, have suggested that the initial increase might only be 3p.

Mr. Zimmerman cited yesterday the 14 per cent. wage increases due to abopworkers in the industry from August 30 as a prime factor in making the price rise likely. That was in addition to a similarly sized pay award to production workers in February.

Ingredients costs, particularly wheat flour, had also been rising steadily, he said. As a result, pressures on margins were considerable, notwithstanding the

CBI price restraint initiative. The last round of bread price increases came last winter, and was the third within 12 months. Almost all loaves went up by 1d each, but the increases were rounded down on decimalisation. It was widely thought then that several of the major bakery groups would have preferred to make their products 2d dearer, with the decimalised price of a standard large loaf being 10p.

None of the major groups is thought yet to have made definite plans for putting prices up again. There is known to be some balking back while the effects on raw material prices of the import levies system, introduced on July 1, is fully assessed.

FREIGHT RATE ASSESSMENT

The London Tanker Brokers' Panel has made a further monthly average freight rate assessment. It assesses the weighted average world tanker freight over the period June 16 to July 15, 1971 as follows—

For general purpose ships—Worldscale 114.6; for medium-range ships—Worldscale 110.5; for Large-range ships (Scale 1)—Worldscale 99.3; and for Large Range tankers (Scale 2)—Worldscale 86.1.

Betting duty revenue rises to £11.49m.

FINANCIAL TIMES REPORTER

REVENUE from betting and gaming duties increased by nearly £300,000 in June to £11.49m., a level £3.09m. higher than June, 1970.

Customs and Excise reports that general betting duty rose from £6.67m. in May to £8.06m. Revenue from off-course bookmakers at £5.94m. was up by

£1.13m. On the totalisator, racing contributed an additional £29,000 at £11.00m. and doing an extra £10,000 at £7 1970.

Pool betting duty fell £556,000 to £2.92m., but still pared favourably with the £ collected in revenue 13 n earlier. Bingo, which yielded an extra £123,000

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ROLLS-ROYCE		
1970 (Nov.) Silver Shadow saloon; Regal Red with Black hide; air conditioning; Recorded mileage: 7,000	£9,500	
1970 (Jan.) Silver Shadow saloon; Garnet with Beige hide; air conditioning; Recorded mileage: 18,000	£8,950	
1969 (Feb.) Silver Shadow saloon; Sage Green with Green hide; air conditioning; Recorded mileage: 11,000	£7,950	
1968 (Jan.) Silver Shadow saloon; Shell Grey with Red hide; Recorded mileage: 14,000	£7,100	
1970 (July) Silver Shadow saloon; Black and Garnet with Black hid air conditioning; Recorded mileage: 10,000	£9,300	
1969 (Oct.) Silver Shadow saloon; Seychelles Blue and Shell Grey; wii Blue hide; air conditioning; Recorded mileage: 9,000	£8,650	
1969 (Dec.) Silver Shadow saloon; Black and White with Black hide; a conditioning; Recorded mileage: 30,000	£7,950	
1968 (Aug.) Silver Shadow saloon; Regal Red with Beige hide; Recorded mileage: 21,000	£6,950	
COACHBUILT		
1970 (Feb.) Silver Shadow Two-door convertible by H. J. Mulliner, Park Ward; Brewster Green with Tan hide; air conditioning; Recorded mileage: 10,000	£11,750	
1970 (Oct.) Silver Shadow Two-door saloon by H. J. Mulliner, Park Ward; Black over Shell Grey with Black hide; air conditioning; Recorded mileage: 5,000	£11,500	

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SURVEYS NEXT WEEK

Investment Services Monday, August 2
Quarrying Tuesday, August 3
Home Heating Wednesday, August 4
Soft Drinks Friday, August 6

COMPANY NEWS + COMMENT

Hit Lovell profit £4.31m.: pays 2½% more

AL dividend of 9 per cent. Lovell lifts its share price to 15 per cent. for the 4 April 24, 1971. The company, manufacturers and sales food.

Increased profit envisaged January turns out to be 400, against an adjusted 4,000 for the first half.

	1970-71	1969-70
Revenue	1,000,000	950,000
Profit	4,310,000	3,800,000
Dividend	1,000,000	950,000
EPS	1.00	0.95

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Broken Hill Prop	20	4	Melbray Group	17	3
Brown (John)	20	6	Mercury Secs.	20	8
Burnholme & Forder	20	7	Newall Machine	16	3
Executex Clothes	20	8	Pitney-Bowes	17	4
Fitch Lovell	16	1	Randall (J. & L.)	16	3
Greenwood & Batley	20	6	Routledge & Kegan	16	2
HAT Group	16	2	Spencer Gomaco	16	1
Henderson (J. & W.)	17	4	Thermal Syndicate	16	1
Highlight Sports	16	4	Western Mining	20	7
Imp. Continental Gas	20	4	Wheway Watson	16	5
Jamesons Chocolates	20	5	Wondside Oil	20	5

H.A.T. meets forecast

SPECIALIST sub-contractors to the building industry H. A. T. Group announces profit and dividend for the year 1970-71. The chairman's estimate of a substantial improvement in the current year's profit is reiterated.

A final dividend of 17 per cent. makes a total of 34 (38) per cent. for the year to February 28, 1971, from profits of £502,004 (£556,246), before loan stock interest and tax.

At the extra-ordinary general meeting when special resolutions were approved confirming the link with GRE, Mr. Stone said that some inquiries were made by Guardian was being allocated nearly £1.5m. of the 26p Ordinary shares for 67p when the current market price was 100p per share. Negotiations had gone on for a fairly long time and in May the quotation was around 71p-73p. The Board considered that the differential was prudent and would be overwhelmingly offset by the subsequent benefits likely to arise from this link, it was stated.

16% again by Newall Machine

FROM SHARPLY reduced profits of £243,914, against £389,745, The Newall Machine Tool Company is maintaining its dividend at 16 per cent. for the year to March 31, 1971. Turnover expanded from £5,706,067 to £6,054,494.

When reporting first half profit up at £176,196 the directors made a tentative forecast of an increase for the year to March 31, 1971, of 10 per cent. The estimate should be "treated with some reserve" in view of industrial problems faced by industry.

The year's net profit came out at £134,411 (£137,372) after tax of £113,773 (£127,372).

comment

The losses earlier this week from Alfred Herbert set the latest tone for the machine tools sector. And Newall, with second half profit down from £215,000 to £176,196, is not bucking any trends. As for the maintained dividend, this is in fact uncovered by annual earnings of 1.35p a share though a normal share would charge would cover up to a slim 1.1 times. The shares slipped 2½ to 26½ last night where the only prop for a normal 1970-71 net profit of £134,411, doubling its final dividend to 12 per cent, making a total of 16 (10) per cent. for the year to March 31, 1971.

Group profit increased to £119,785 (£124,241), before tax, of £41,500 (£38,001).

Routledge & Kegan pays 16%

PUBLISHERS of general, academic and educational books Routledge & Kegan Paul is doubling its final dividend to 16 per cent, making a total of 16 (10) per cent. for the year to March 31, 1971.

Group profit increased to £119,785 (£124,241), before tax, of £41,500 (£38,001).

British Bank of Commerce

PROPOSALS by The Bank of England to introduce more competition into the banking system were warmly welcomed by Mr. Alexander Stone, chairman of the British Bank of Commerce, at the annual meeting in Glasgow.

He told shareholders that the proposals for reserve ratios (the Bank of England document suggested that all banks should hold 12 per cent of sterling deposit liabilities in specified reserve assets) did not in any way hinder business.

Regarding growth prospects, Mr. Stone told a shareholder that preference was for growth which although not spectacular was at least broad-based and organic. Plans were afoot for intensifying and increasing the Bank's hire-purchase business. The link with the Guardian Royal Exchange Insurance group, he said, would continue to be a source of long term market.

Results due next week

A relatively brief company list for the week ending July 16, 1971, with the main impetus coming from the tobacco side. Elsewhere, the performance was less impressive with the paper packaging sector, the only diversification to show increased profits. However, the main trend in tobacco profits should be able to offset the slow-down in the other divisions, so the 46 per cent rise in the shares pre-tax since the 1971 low may be justified by the half-year results on Tuesday.

United Dominion Trust's preliminary statement on Wednesday comes after the lifting of the last week that it will insist on a minimum deposit of 25 per cent. on car hire purchase arrangements, following the lifting of the restrictions. The market's reaction to the lifting of the restrictions was fairly cautious, and although the shares were immediately marked up they soon lost more than they had gained.

J. & L. Randall profit down

J. and L. Randall, manufacturers of "merit" games and toys, reports a first half pre-tax profit of £291,938, against £331,659 last year. The chairman, Mr. J. Randall, makes it clear that the figure for the year to September 30, 1971, will be lower than the £363,178 for 1969-70.

Trading profit 1971 1970
Investment income 11,124 9,753
Profit before tax 270,814 331,912
Dividend 1971 1970
Net profit 174,284 184,413
Turnover to date is ahead of last year, but cost increases and other pressures on margins may offset any benefit from the increased sales, and investment income must be down. However, the directors feel justified in looking for a more hopeful future.

The slightly lower trading profit is due to another disappointing Christmas and insufficient increase in turnover to help offset the runaway escalation in costs.

Investment income is down, due to lower prevailing interest rates in less money invested in short-term loans, mainly as a result of the credit controls.

INTERIM DIVIDENDS

Company	Announcement	Last Year	This Year
British American Tobacco	Tuesday	14.85	11
British Bank Commerce	Monday	35	34
Broken Hill Prop	Monday	10	10
Brown (John)	Tuesday	10	10
Burnhams & Forder	Monday	10	10
Executive Clothes	Monday	10	10
Fitch Lovell	Monday	10	10
Greenwood & Batley	Monday	10	10
HAT Group	Monday	10	10
Henderson (J. & W.)	Monday	10	10
Highlight Sports	Monday	10	10
Imp. Continental Gas	Monday	10	10
Jameson Chocolates	Monday	10	10

INTERIM FIGURES ONLY

Company	Announcement	Last Year	This Year
British American Tobacco	Tuesday	14.85	11
British Bank Commerce	Monday	35	34
Broken Hill Prop	Monday	10	10
Brown (John)	Tuesday	10	10
Burnhams & Forder	Monday	10	10
Executive Clothes	Monday	10	10
Fitch Lovell	Monday	10	10
Greenwood & Batley	Monday	10	10
HAT Group	Monday	10	10
Henderson (J. & W.)	Monday	10	10
Highlight Sports	Monday	10	10
Imp. Continental Gas	Monday	10	10
Jameson Chocolates	Monday	10	10

result of progress payments for the new building, which is now about a month of completion.

One floor of the building, completion of which was specially advanced for occupation on July 1, has been let to a neighbouring company. It is hoped that, as the Government measures to stimulate trade take effect, prospects for letting the other floors will brighten.

50% from Highlight Sports

PROFIT AND dividend forecasts made for the year ended March 31, 1971, by Highlight Sports have been beaten.

Against not less than £310,000 expected, profits turn out at £338,406. A final dividend of 30 per cent. makes a total of 50 per cent. an improvement of 7 per cent. on the forecast.

Chairman Mr. S. Solomonson has waived his final dividend entitlement on 1,063,581 shares, thereby reducing the cost of the dividend to £325,585.

	1970-71	1969-70
Turnover	3,492,000	3,250,000
Group profit	338,406	279,473
Taxation	123,796	120,300
Net profit	214,610	159,173
Dividends	107,305	79,586
Appropriations	107,305	79,586
Retention	107,305	79,586

comment

After being 9 per cent. ahead pre-tax at the half, Highlight Sports really got into its stride in the second six months so that the full-year total shows a 25 per cent. gain compared with the first half. Margins fell just over a point to 10½ per cent. and the main boost came from increased sales, particularly in the shirts and socks line. Highlight dividend (just under 30 per cent. of total sales at present).

In the current year the men's wear side, now getting under a considerable profit, has been the Alison Jane division is moving into mail order and extensions are being made here which will eventually double capacity. So with first quarter profits well-up the shares (already up over a half this year) could gain further ground on a p/e of about 9½ at 113p.

Massey Ferguson

In the light of present trading conditions Massey-Ferguson Holdings expects a "considerable reduction" in profit for the year to October 31, 1971.

The company, a subsidiary of Massey-Ferguson (Canada), reports first half group pre-tax profit up from £1,398,000 to £1,948,000. The figure for the year 1969-70 was down from £7,664,063 to £7,172,739.

The half-year's net profit comes out at £1,150,000 (£712,000) after tax of £796,000 (£688,000). The figures for 1971 include the finance subsidiary which commenced business last September.

NORTHBOROUGH

Shares in Northborough soared to 82p at one stage yesterday, another 8p climb following the 17p jump on Thursday. This was on the news that property man Mr. Leslie Lavy, late of Simo Securities Trust, had bought a 40 per cent. stake in 72p a share and would make a comparable offer for the rest of the Northborough equity.

This values Northborough—the former Flettons concern—at £620,000, not £1.5m. as stated yesterday.

£5.05m. before tax (against £4.79m.) with the main boost coming from Allied Ironfounders, included for a full year for the first time. There are still benefits to come from the rationalisation of Allied so there seems a good chance of continued profits growth in the current year.

Town and City Properties started the year with an 11½ per cent. jump in first half pre-tax profits reflecting the benefits of the recent development programme. A similar improvement has been forecast for the second half (final on Wednesday) and with the prospects of sizeable rent reversals over the next five years the earnings futures look bright.

Other results expected next week include the Interims from British Sugar and Kleinwort Benson Lonsdale and the prelims of Lant Comley and Pitt on Tuesday and the half year figures of Slough Estates are expected on Wednesday.

Company	Announcement	Last Year	This Year
British American Tobacco	Tuesday	14.85	11
British Bank Commerce	Monday	35	34
Broken Hill Prop	Monday	10	10
Brown (John)	Tuesday	10	10
Burnhams & Forder	Monday	10	10
Executive Clothes	Monday	10	10
Fitch Lovell	Monday	10	10
Greenwood & Batley	Monday	10	10
HAT Group	Monday	10	10
Henderson (J. & W.)	Monday	10	10
Highlight Sports	Monday	10	10
Imp. Continental Gas	Monday	10	10
Jameson Chocolates	Monday	10	10

The chairman and managing director of Tesco, Mr. Hyman Kretzman, addressing the annual meeting in London yesterday. He told shareholders that Tesco was looking closely at the possibility of selling motor-cars through its bigger stores.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corrected dividend	Total dividend	Total last year
Attack Oil	10.63	Oct. 7	10.63	16.58	16.58
Commer. Bkg. Sydnay	5	—	5	11	11
Fitch Lovell	5	—	5	11	11
Greenwood & Batley	5	—	5	11	11
HAT Group	17	Sept. 30	17	34	33
J. & W. Henderson	12	Sept. 7	10 (d)	24	24
Highlight Sports	30	Sept. 9	30	45	45
L.C. Gas	9	Sept. 21	7	14	14
Jameson Chocolates	12	—	12	24	24
J. Jarvis	20	Sept. 23	12	30	30
John Brown	7	Sept. 10	7	11	11
Melbury	10	—	10	15	15
Mercury Securities	13p	—	3p	3p	3p
Newall Machine	16	Sept. 10	16	16	16
Riverview Rubber	10	Sept. 15	10	10	10
Routledge & Kegan	12	Sept. 29	6	16	16
Wheway Watson	8	Oct. 5	7	13	11

Equivalent after allowing for scrip issue. † Amount per share.

(a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) Made public February, 1970—forecast was 43 per cent. (d) 31 per cent. total forecast.

Wheway Watson extra 2%

MANUFACTURERS of chains, Wheway Watson is raising its dividend from 11 to 13 per cent. with a final of 8 per cent. for the year to March 27, 1971.

Group pre-tax profit amounted to £205,273, including Felco Hoists for three months, against £193,511 for the previous year. The total of £230,000 was forecast excluding Felco.

Downturn at Attock Oil

The lower profit expected by Attock Oil Company for 1970 turns out to be £1,234,527 against £1,351,939 before tax.

The dividend is held at 16.875 per cent with a final of 10.625 per cent.

RESULTS AND ACCOUNTS IN BRIEF

Company	1970-71	1969-70
Operating profit	1,438,570	1,301,403
Depreciation	127,612	111,136
Interest payable	65,554	25,359
Profit before tax	1,245,404	1,165,108
Taxation	118,700	90,354
Net profit	1,126,704	1,074,754
Dividends	118,700	90,354
Appropriations	100,904	100,904
Retention	100,904	100,904

BRISTOL STADIUM—Gross receipts, half-year to June 30, 1971, £187,123 (£187,123) with the main boost coming from Allied Ironfounders, included for a full year for the first time. There are still benefits to come from the rationalisation of Allied so there seems a good chance of continued profits growth in the current year.

Town and City Properties started the year with an 11½ per cent. jump in first half pre-tax profits reflecting the benefits of the recent development programme. A similar improvement has been forecast for the second half (final on Wednesday) and with the prospects of sizeable rent reversals over the next five years the earnings futures look bright.

Other results expected next week include the Interims from British Sugar and Kleinwort Benson Lonsdale and the prelims of Lant Comley and Pitt on Tuesday and the half year figures of Slough Estates are expected on Wednesday.

ISSUE NEWS

Giltspur raising £2.8m. by rights

Giltspur Investments has decided to increase its capital by £2.8m. to £12.8m. by raising the rights issue, to be shadowed in the annual report for 1970-71. Accordingly, the company is offering 2,288,000 shares at 125p each in the proportion of one-for-four to holders registered on July 9.

The proceeds of the issue will be used to reduce the group's borrowings and to finance the further expansion of the group's industrial divisions, both internally and by acquisition. Negotiations are in progress for the acquisition of several companies operating in fields allied to the present activities of Giltspur Investments. The development of the group's trading operations over recent years has, however, put the company on a firm basis for continued expansion, and it is reasonable to anticipate that the pattern of growth will be maintained.

Henry Ansbacher & Co. has underwritten £1,688,000 of the shares offered in the rights issue, being all such shares other than those arising in respect of the personal holding of the chairman, who intends to take up his rights in full. The issue is to be issued by Solomon and Co.

YOUGHAL CARPETS

Youghal Carpets (Holdings) has arrangements in hand for an issue of 935,139 Ordinary 25p shares at 140p each to holders registered on July 23. The basis is one for five. The new shares will not be entitled to participate in the interim dividend of 18 per cent. (14 per cent.) payable in September on the existing capital. It is intended to recommend a final dividend on the enlarged capital of not less than 25 per cent.

Details of the issue, together with provisional allotment letters, will be dispatched on August 3. Net proceeds, estimated at £1,371,000, will be used to reduce bank indebtedness and to provide an enlarged equity base for expansion.

The issue is being underwritten by S. G. Warburg and brokers are Rowe and Pitman, London, Messrs. and Robinson, Dublin, and Alfred Beale and Son, Cork.

THANET ALLOTMENT

Leonard Joseph and Sons announce the basis of allotment for the issue of Ordinary shares and Warrants in Thanet Investment Trust. As announced in yesterday's Financial Times, the issue was 8.23 times subscribed. Ordinary applicants will go into a ballot with their chance of securing both the Ordinary shares and the Warrants increased in relation to the number of shares applied for. Preferential applicants receive better odds. The ordinary basis of allotment is as follows:

100-1000	Ballot for 100
1000-2000 <td>100</td>	100
2000-3000 <td>200</td>	200
3000-4000 <td>300</td>	300
4000-5000 <td>400</td>	400
5000-6000 <td>500</td>	500
6000-7000 <td>600</td>	600
7000-8000 <td>700</td>	700
8000-9000 <td>800</td>	800
9000-10000 <td>900</td>	900
10000-11000 <td>1000</td>	1000
11000-12000 <td>1100</td>	1100
12000-13000 <td>1200</td>	1200
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14000-15000 <td>1400</td>	1400
15000-16000 <td>1500</td>	1500
16000-17000 <td>1600</td>	1600
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95000-96000 <td>9500</td>	9500
96000-97000 <td>9600</td>	9600
97000-98000 <td>9700</td>	9700
98000-99000 <td>9800</td>	9800
99000-100000 <td>9900</td>	9900

AIRLEASE INTNL

Kleinwort Benson, Lazard Brothers, Morgan Grenfell, and Brown Shipley announce that the subscription agreement for the £520m. Guaranteed Bonds 1986, and the £520m. Guaranteed Notes, 1976, of Airlease International Finance, has been signed. The issue is underwritten by Barclays Bank, Lloyds Bank, Midland Bank and National Westminster Bank.

Both the Bonds and the Notes are to be issued at par, the coupons are to be 9 per cent. and 8½ per cent. respectively.

Brokers are Cazenove and Co. and dealings are expected to begin on the London Stock Exchange on Monday.

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AUSTRALIA IX

Local banks battling against overseas competition

By DESMOND KEEGAN

The trading banks have learned to live with their diminished direct roles in the Australian financial world but they have yet to prove they can compete effectively with the flood of foreign financiers now hanging out shingles.

The banks have diversified a lot because the traditional end of the scene has been frozen into a pre-war lending profile by monetary policies designed to contain inflation and counter balance-of-payments crises. And so far the banks have competed effectively with each other in consumer instalment credit and various other fields around the fringes of conventional banking activities.

But, a recent influx of "merchant" and "venture" banks has added about 70 new competitors following varying strength and reputations to the financial structure. The dramatic upsurge in effective competition should be a healthy shock to the old trading banks which have not had too much real competition in the past.

For the first time Australian financial houses are being compelled to compete at home with big, wealthy and vastly experienced foreign merchant banks. Unfortunately the banks are entering the fray with the added handicap of huge cheap loans to the rural sector made to comply with politically motivated Government fiat.

Many of the newcomers are linked with the genuine merchant banking houses of London (Bambros Bank, Samuel Montague and Co., J. Henry Schroder Wagg and Co., Lehman Bros., Hill, Samuel and Co., N. M. Rothschild and Sons, Baring Bros and Co., Cater Ryder and Co., The Chartered Bank, Kleinwort Benson and E. D. Sassoon and Co.). There are many other British houses involved.

Other arrivals bear U.S. names such as Philadelphia National Bank, Crocker Citizens' National Bank, Irving Trust Company, Morgan Guarantee Trust Company, Chase Man-

hattan Bank, Continental Illinois National Bank and Trust Company, Manufacturers Hanover Trust, Chemical Bank, United California Bank, Wells Fargo Bank, Bankers Trust Company, Marine Midland Bank, Bank of America, First National City Bank.

There are also many other strong financial houses being established by companies in France, Germany, Switzerland, Japan, Holland, Italy, Belgium, Canada and Hong Kong.

The arrival of these world-famous names coincide with Australia's elevation to the top few world raw material sources. And, obviously, exploration, development, processing, shipping and insurance in the raw material world calls for vast capital infusions and generates extensive needs in banking and allied service fields.

Medium-term loans

Many of the new financial institutions are both capital mobilisers and sources of management skills. These newcomers should find the medium-term loan demand field very easy to contest with the incumbent trading banks. The major trading banks have generally ignored longer-term loans in favour of providing working funds on overdraft facilities. Many of the newer financial institutions might prefer longer-term loan currencies combined with equity stakes.

They are generally not welcomed by the Australian banking establishment which has extensively advertised the "free enterprise banking system" but preferred the club atmosphere in practice. Mr. Lang Hancock, who hawked the Pilbara iron fields around unsuccessfully for years, and other raw material project developers (Robe River iron... Admiralty Gulf bauxite) could attest to the lack of venture capital in Australia. The Australian banks reply with a first plea for the Government to dismantle some of its restrictions so that trading banks can expand in their

normal role rather than in fringe areas.

They say, too, that they have taken a great role in Australian development through the Australian Development Resources Bank which has raised about \$400m. for projects involving loans ranging from \$500,000 to \$60m.

The ADRB is owned by the trading banks, backed by a couple of state trading banks and the Reserve Bank and operated under a Commonwealth Government Act. It is founded on the need to step around some of the monetary policy restraints and a desire to take a stake in the country's development. It has proved a suitable vehicle to take some stake in the country's development while still enabling the banks to provide a flow of funds to personal and commercial borrowers.

At base the trading banks feel that the Federal Government is compounding its economic management problems by letting the fringe bankers expand in areas outside the present control of the monetary authorities. And the major local trading banks (only the British-owned ANZ Banking Group, is foreign) clearly resent overseas affiliated bankers and financiers entering the profitable and uncontested end of Australian fringe finance.

The banks claim (without much proof) that there is little scope for the substitution of additional financing as an alternative to the expansion of Australian banks because the country has a sound stock of foreign currency. But this is debatable because Australia's splendid stock of foreign exchange is founded on capital inflow. Australia pays its way on merchandise trade but its net invisibles run around \$1,000m. a year in the red. The gap is bridged so far by retained corporate earnings, borrowings and other capital inflow.

So the Australian banks are arguing on slender grounds in suggesting that the country can get along without the additional financing provided by the foreign banks. Until the great

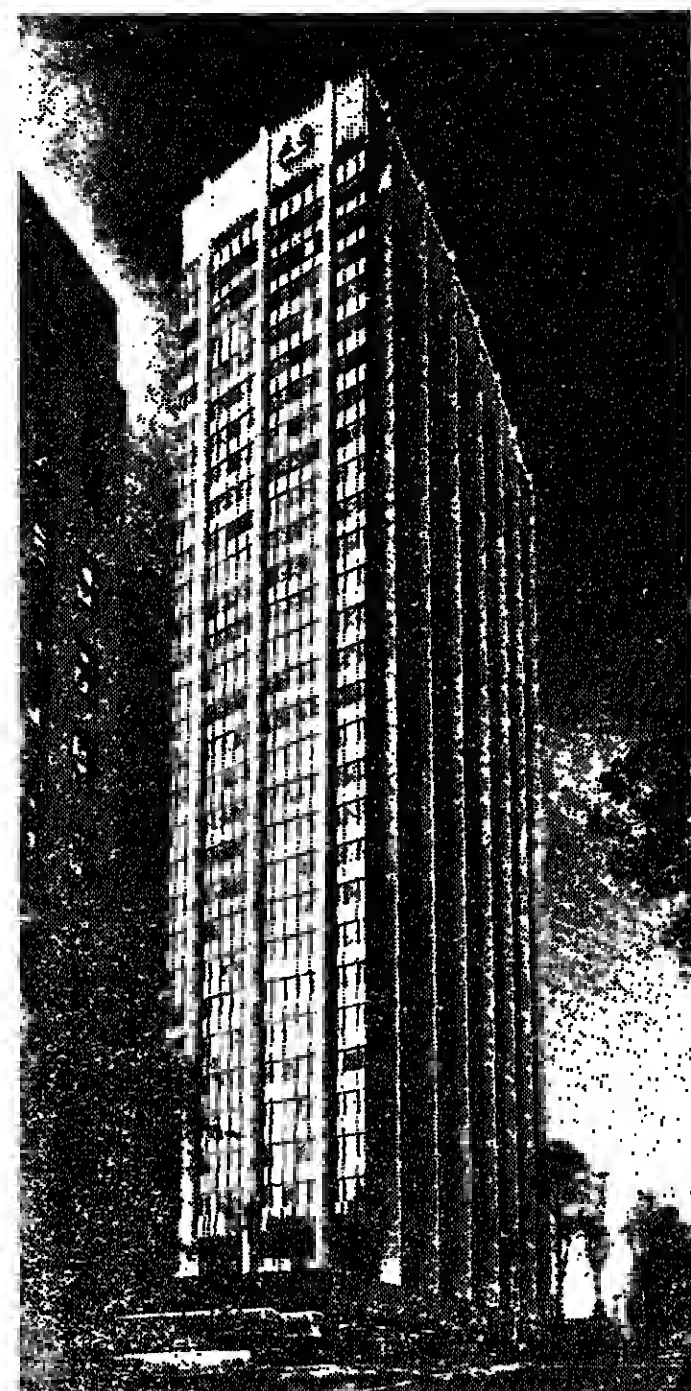
Hire purchase

The trading banks have cashed in on the fringe banking by taking up large equities in major hire purchase financiers. And the hire purchase financiers have had good trading over the past year so the banks have been able to maintain their own profits in something like an acceptable growth pattern.

Alliance Holdings has lifted net profit by 17 per cent. in the latest financial year with others (Custom Credit and Associated Securities Ltd.) running about 30 per cent. ahead of the previous corresponding period.

But the real challenge to the major trading banks probably lies in their own bailiwick in conventional banking activities developed a century ago. The Mineral Securities (MINSEC) crash put paid to the casual on-the-spot short-term money market and sent operators scurrying back to first-class paper. The major trading banks were sought after with a heavy demand for bank-endorsed commercial bills in the 90-day, 120-day and 180-day maturity range. The bank-endorsed bill market grew to great size in the wake of MINSEC and some fine money market operators suggested that the banks could simply bring their unofficial money market back in their control if they so choose. The banks may not wish to develop the endorsed bill side of finance all that much but somebody will because the commercial bill market is growing and its pace is rapid.

Another area where the banks



The Bank of New South Wales, Sydney.

could grow is in the longer-term end of the capital structure where advice and expertise is also attached. The banks have traditionally not been geared to offer commercial and assessment facilities attached to the medium-term loans. The monolithic structure of the Australian branch banking system has virtually strangled the assessment function of banking which has tended to train managers more in the public service mould than in the capitalist venture strain. But this is not so with the newcomers from the merchant and venture banking scene. They can assess a project and they will provide funds attached to equity gauged by their own experts and backed with big money. The major Australian trading banks are protected to a great extent because foreign banks cannot get a licence to operate in this country. But, depending on their initiative, great expansion is to be had and profits should sit on a steadily ascending line during the 1970s. The shock effect of the incoming foreign banks could stifle the Australian banks into some imaginative and dynamic initiatives. Indeed, there are signs that the banks will end this decade with some of the prime mover qualities they had several generations ago.

Strong currency position

— (Cont'd.)

Continued from previous page

at the same time make it more difficult for Australian manufacturers in Australia's most important export market for manufactures.

Unfortunately, most of Australia's long-term iron-ore contracts with Japan have been signed in terms of U.S. dollars. To the extent that Australia revalues against the U.S. dollar this will slash export revenue by the extent of the revaluation. However, this will be offset to some extent as the borrowings to finance this development has also been written in terms of U.S. dollars.

Geographical basis

In general of course, a revaluation of the Australian dollar would tend to benefit Australian exporters by slowing down the pressure on costs. And the price effects of changes in currency parities can be overemphasised in assessing the impact they will have on Australian exports. In the age of the multi-national corporation world markets tend to be split up on a geographical basis and changes are unlikely to occur simply because of relatively marginal price changes as a result of parity changes in currencies.

The parity changes are likely to have a far larger impact on capital movements. Speculative movements apart, the net result of an appreciation of the dollar currencies against the dollar will encourage investment in the U.S. On balance, this

Nixon package is likely to have an inflationary impact on the domestic U.S. economy. This will tend to make investment in the U.S. relatively more attractive leaving less funds available for investment abroad as imports become less competitive with domestic products and export markets become more profitable.

As the U.S. provides around half Australia's foreign investment funds there can be expected to be a falling off of funds from this source and from the Euro-dollar market.

However, the net apparent private capital inflow last year was almost twice the amount needed to finance Australia's current account deficit. It would be difficult to imagine a situation where the capital inflow fell away to the point where it was not sufficient to cover the current account deficit.

Strong reserves

Although there are numerous unknowns in the current currency crisis which have not even begun to be resolved it is difficult to see Australia's international reserves being eroded. And even if they were, at \$2,300m., Australia could more than stand the strain without making fundamental policy changes affecting the domestic economy.

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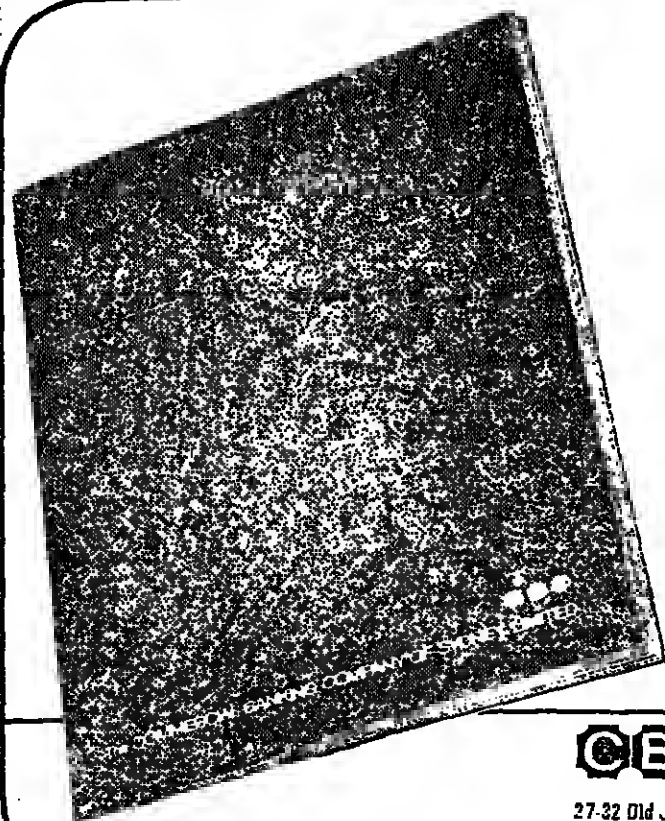
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WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Rallying attempts lack support

BY OUR WALL STREET CORRESPONDENT

ALLYING ATTEMPTS failed to attract follow-through support on all street today, and the stock market continued to move to new levels.

After regaining 3.50 to 864.92, Dow Jones Industrial Average fell to 858.43, for a net loss of 2.98 the day and a fall of 21.35 on a week. The NYSE All Common Index, at 852.81, dipped 25 cents the day and \$2.01 on the week. Volume, however, decreased 1.6m. shares to 12,077, while declines advanced by \$20 to \$14.

The news background remained generally negative. The union action to the Steel Industry's offer was called to "stun" the market but did not help to inspire a rally. However, this was underbalanced somewhat by the fact that the Steel Industry's management would resume work this afternoon to engage in a serious endeavour to reach agreement.

There still exists "no compul-

sion to buy, especially on the eve of a possible major steel strike.

U.S. Steel slipped another \$3 to \$28 1/2 to close the week with a decline of \$1 1/2, reflecting its dividend cut as well as the steel strike threat.

Motors showed little or no reaction to yesterday's car price increase by Ford and Chrysler. Ford closed unchanged at \$63 while Chrysler inched up \$4 to \$26 1/2. General Motors shed \$1 to \$26 1/2, it has not announced any move on price for its 1971 models.

Lockheed Aircraft fell \$1 to \$11 1/2, after a 10-cent rise in the previous session. McDonnell Douglas gained \$1 to \$29 1/2. Beech Aircraft, subject to an adverse press report, dropped \$4 to \$13 1/2.

In Oil, National finished \$1 1/2 down despite a successful test of an offshore Sumatra well. Alaska Interstate slid \$2 1/2 to \$18 1/2 on lower earnings due to bagging over the Alaska pipeline.

Airlines closed mixed. UAL dropped \$1 to \$38 1/2, although it reported slightly better earnings against a loss a year ago.

Colour TV sets displayed some resiliency. Zenith added \$1 to \$42 1/2, and Motorola edged up \$1 to \$80 1/2.

Other Markets

Canada easier

Canadian Stock Markets continued to ease to moderate trading yesterday. On Index, Industrials shed 0.64, Base Metals 0.41, Western Oils 0.38 and Utilities 0.19. Gold, however, rose 3.38.

General Products were marked up \$19 to \$65 1/2, owns 31 per cent of the stock of Superpet Petroleum, which yesterday announced a plan for its takeover by British Petroleum of Canada. Superpet gained \$1 1/2 to \$47 1/2.

PARIS—Slightly firmer. Electro

Mechanics were unchanged after news of its capital increase. Cile was easier, Chemicals little changed, Motors mixed, Banks, Financials, Public Works and Foods firm.

OSLO—Banks slightly easier.

Insurance well maintained. Shipping mainly firmer, Industrials irregular.

VIENNA—Steady in very quiet

trading. Chemicals firmed slightly.

COPENHAGEN—Steadier in

trading. Substantial decline, following reports that House Ways and Means Committee chairman proposed emergency Border Tax to improve the balance of payments.

JOHANNESBURG—Golds showed gains on balance but many were off the day's highs, attributed to a lack of follow through by London. Metals were little changed.

Financial Industrial sector quiet, Banks and Collieries steady.

AUSTRALIA—Minings were variable, Chemicals and Industrials were slightly firmer.

Pan Continental dominated Mines for the second day gaining a further 24 cents to \$1.50, after \$1.38. Sealeast, however, eased 12 cents to \$1.45.

Securities came back 3 cents to 26 cents on its report. Glendale added 5 cents to 40 cents, as did GMK at 60 cents and Empress at 30 cents. Southland rose 11 cents to \$1.45, while Kimberley Investments lost 10 cents to \$1.60 and Great Boulder shed 5 cents to \$1.90. Peko Wallsend rose 20 cents to \$2.20.

A. H. Macmillan fell 22 cents to \$2.05. Worldwide shed 3 cents to \$1.30. Planet were down 2 cents at 38 cents, as were Southern Pacific at 48 cents. Mid East gained 4 cents to 74 cents.

NEW YORK, July 30.

GERMANY. Firmer, partly on professional buying. Leading Chemicals were slightly higher.

AMSTERDAM. Most International closed steady, despite the weak overnight trade on Wall Street. Hoogovens were firm, despite a fall in second quarter net profit.

BRUSSELS. Slightly easier.

SWITZERLAND. Narrowly mixed. Financials neglected.

State Bonds barely changed in quiet dealings.

STOCKHOLM—Irregular trend.

MILAN—Small movements in quiet trading. Fiat gained 1 1/2 on the resumption of normal working at Autoblanchini. But elsewhere Industrials tended slightly lower. Insurances also easier.

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Indices

NEW YORK

DOW JONES AVERAGES

Stocks	Bonds	Indus.	Transp.	Utilities	Commodities
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97

STOCK AND BOND YIELDS

Stocks	Bonds	Indus.	Transp.	Utilities	Commodities
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97

D. DIVIDEND YIELD P.C.

Stocks	Bonds	Indus.	Transp.	Utilities	Commodities
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97

Y. SE ALL COMMON INDEX

Stocks	Bonds	Indus.	Transp.	Utilities	Commodities
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97

RISES AND FALLS

Stocks	Bonds	Indus.	Transp.	Utilities	Commodities
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97

AMERICAN SE ALL STOCKS

Stocks	Bonds	Indus.	Transp.	Utilities	Commodities
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97
70.92	106.27	115.03	12.97	12.97	12.97

F.T. CROSSWORD PUZZLE NO. 1,633

A prize of £3 will be given to each of the senders of the first correct solutions opened. Solutions must be received by next Tuesday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Friday.

Across

1. Avoid the Pacific (5, 3)

2. Shock makes one member do something (6)

3. Continually irritating to cry stinking (6, 8)

4. No clothes at home for a start (6)

5. Pick up another (7, 5)

6. TV serial could be a wash-out at Covent Garden (4, 5)

7. Close to becoming strait-laced (6)

8. So it changes state and becomes unfeling (7)

9. What's left when engineers connect water supply (7)

10. Stockmarket is deeper in the red (6)

11. Not expected to begin with Heather (9)

12. Lean over (5)

13. Dope question raised by Leander calling for his love? (6)

14. Herb one caught in front of a church (8)

15. Complication caused by sunburn on a broken leg (6)

16. Tries again to give point to practice (8)

17. Down

1. Give up supporting oneself (6)

2. Animal to put some life into small boy (6, 3)

3. Claw from the depths of the boat alongside (5)

4. Sharpen pen in truth (7)

5. Solution to PUZZLE NO. 1,632

6. Explorer has month to take

7. Scheme with which to get hooked (5)

8. It feels very much like a camp by Norfolk town (8)

9. Fish from the deepest Cas? (4, 1)

10. Justice of a beauty contest (4, 5)

11. A gallant French entertainer (9)

12. Officer who lets money go to his head (9, 3)

13. Leave out the captain (4)

14. She's fancy in trunks (7)

15. The French entrance an envoy (6)

16. Brief month spent on stage (8)

17. That one may — and be a villain (Hamlet) (5)

18. SOLUTION TO PUZZLE NO. 1,632

19. STYLISH STRAIGHT

20. IMMEDIATE SKEWER

21. CLOUTIER INDOOR

22. Y D S A O U O

23. S E S D A O U O

24. C R A W L A K R O G A T E

25. L T R K E A Z T M

26. A C I D I C F O R M I D A T E

27. M E M A G E F O R E S T E R

28. P E R F E C T S T R I C T

29. O U S E S O U N D S O U T

30. R T A O M N N

31. S P E C I A L I Z E D

32. S T O N E D I V E R

33. S T O N E D I V E R

34. S T O N E D I V E R

35. S T O N E D I V E R

36. S T O N E D I V E R

37. S T O N E D I V E R

38. S T O N E D I V E R

39. S T O N E D I V E R

40. S T O N E D I V E R

41. S T O N E D I V E R

42. S T O N E D I V E R

[illegible]

BUILDING INDUSTRY—Continued

ENGINEERING AND METAL—Gen. Cont.										HOTELS AND CATERING—Continued									
1971		Stock		Value		Change		Percent		1971		Stock		Value		Change		Percent	
High	Low			1970	1971	1970	1971	1970	1971	High	Low			1970	1971	1970	1971	1970	1971
56	56	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
57	57	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
58	58	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
59	59	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
60	60	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
61	61	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
62	62	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
63	63	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
64	64	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
65	65	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
66	66	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
67	67	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
68	68	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
69	69	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
70	70	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
71	71	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
72	72	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
73	73	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
74	74	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
75	75	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
76	76	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
77	77	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
78	78	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
79	79	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
80	80	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
81	81	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
82	82	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
83	83	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
84	84	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
85	85	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
86	86	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
87	87	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
88	88	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
89	89	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
90	90	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
91	91	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
92	92	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
93	93	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
94	94	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
95	95	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
96	96	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
97	97	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
98	98	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
99	99	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
100	100	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
101	101	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
102	102	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
103	103	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
104	104	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
105	105	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
106	106	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
107	107	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
108	108	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
109	109	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
110	110	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
111	111	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
112	112	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
113	113	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
114	114	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
115	115	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
116	116	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
117	117	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
118	118	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
119	119	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
120	120	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
121	121	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
122	122	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
123	123	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
124	124	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
125	125	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
126	126	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
127	127	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
128	128	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
129	129	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
130	130	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
131	131	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
132	132	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
133	133	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
134	134	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
135	135	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
136	136	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
137	137	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
138	138	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
139	139	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
140	140	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
141	141	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
142	142	East River Yacht Club	165	+	7	10	4.2	7.5			120	105	Golden Gate Co.	119		85	2.0		
143	143	East River Yacht Club	165	+	7	10	4.2	7.5			120								

[illegible][illegible][illegible]

145	88	Neuman Dr. 145	121	1.9	5.0	6.5	137	0	16	1.7
146	88	Neuman Dr. 146	122	1.9	5.0	6.5	138	0	16	1.7
147	88	Neuman Dr. 147	123	1.9	5.0	6.5	139	0	16	1.7
148	88	Neuman Dr. 148	124	1.9	5.0	6.5	140	0	16	1.7
149	88	Neuman Dr. 149	125	1.9	5.0	6.5	141	0	16	1.7
150	88	Neuman Dr. 150	126	1.9	5.0	6.5	142	0	16	1.7
151	88	Neuman Dr. 151	127	1.9	5.0	6.5	143	0	16	1.7
152	88	Neuman Dr. 152	128	1.9	5.0	6.5	144	0	16	1.7
153	88	Neuman Dr. 153	129	1.9	5.0	6.5	145	0	16	1.7
154	88	Neuman Dr. 154	130	1.9	5.0	6.5	146	0	16	1.7
155	88	Neuman Dr. 155	131	1.9	5.0	6.5	147	0	16	1.7
156	88	Neuman Dr. 156	132	1.9	5.0	6.5	148	0	16	1.7
157	88	Neuman Dr. 157	133	1.9	5.0	6.5	149	0	16	1.7
158	88	Neuman Dr. 158	134	1.9	5.0	6.5	150	0	16	1.7
159	88	Neuman Dr. 159	135	1.9	5.0	6.5	151	0	16	1.7
160	88	Neuman Dr. 160	136	1.9	5.0	6.5	152	0	16	1.7
161	88	Neuman Dr. 161	137	1.9	5.0	6.5	153	0	16	1.7
162	88	Neuman Dr. 162	138	1.9	5.0	6.5	154	0	16	1.7
163	88	Neuman Dr. 163	139	1.9	5.0	6.5	155	0	16	1.7
164	88	Neuman Dr. 164	140	1.9	5.0	6.5	156	0	16	1.7
165	88	Neuman Dr. 165	141	1.9	5.0	6.5	157	0	16	1.7
166	88	Neuman Dr. 166	142	1.9	5.0	6.5	158	0	16	1.7
167	88	Neuman Dr. 167	143	1.9	5.0	6.5	159	0	16	1.7
168	88	Neuman Dr. 168	144	1.9	5.0	6.5	160	0	16	1.7
169	88	Neuman Dr. 169	145	1.9	5.0	6.5	161	0	16	1.7
170	88	Neuman Dr. 170	146	1.9	5.0	6.5	162	0	16	1.7
171	88	Neuman Dr. 171	147	1.9	5.0	6.5	163	0	16	1.7
172	88	Neuman Dr. 172	148	1.9	5.0	6.5	164	0	16	1.7
173	88	Neuman Dr. 173	149	1.9	5.0	6.5	165	0	16	1.7
174	88	Neuman Dr. 174	150	1.9	5.0	6.5	166	0	16	1.7
175	88	Neuman Dr. 175	151	1.9	5.0	6.5	167	0	16	1.7
176	88	Neuman Dr. 176	152	1.9	5.0	6.5	168	0	16	1.7
177	88	Neuman Dr. 177	153	1.9	5.0	6.5	169	0	16	1.7
178	88	Neuman Dr. 178	154	1.9	5.0	6.5	170	0	16	1.7
179	88	Neuman Dr. 179	155	1.9	5.0	6.5	171	0	16	1.7
180	88	Neuman Dr. 180	156	1.9	5.0	6.5	172	0	16	1.7
181	88	Neuman Dr. 181	157	1.9	5.0	6.5	173	0	16	1.7
182	88	Neuman Dr. 182	158	1.9	5.0	6.5	174	0	16	1.7
183	88	Neuman Dr. 183	159	1.9	5.0	6.5	175	0	16	1.7
184	88	Neuman Dr. 184	160	1.9	5.0	6.5	176	0	16	1.7
185	88	Neuman Dr. 185	161	1.9	5.0	6.5	177	0	16	1.7
186	88	Neuman Dr. 186	162	1.9	5.0	6.5	178	0	16	1.7
187	88	Neuman Dr. 187	163	1.9	5.0	6.5	179	0	16	1.7
188	88	Neuman Dr. 188	164	1.9	5.0	6.5	180	0	16	1.7
189	88	Neuman Dr. 189	165	1.9	5.0	6.5	181	0	16	1.7
190	88	Neuman Dr. 190	166	1.9	5.0	6.5	182	0	16	1.7
191	88	Neuman Dr. 191	167	1.9	5.0	6.5	183	0	16	1.7
192	88	Neuman Dr. 192	168	1.9	5.0	6.5	184	0	16	1.7
193	88	Neuman Dr. 193	169	1.9	5.0	6.5	185	0	16	1.7
194	88	Neuman Dr. 194	170	1.9	5.0	6.5	190	0	16	1.7
195	88	Neuman Dr. 195	175	1.9	5.0	6.5	195	0	16	1.7
196	88	Neuman Dr. 196	180	1.9	5.0	6.5	200	0	16	1.7
197	88	Neuman Dr. 197	185	1.9	5.0	6.5	205	0	16	1.7
198	88	Neuman Dr. 198	190	1.9	5.0	6.5	210	0	16	1.7
199	88	Neuman Dr. 199	195	1.9	5.0	6.5	215	0	16	1.7
200	88	Neuman Dr. 200	200	1.9	5.0	6.5	220	0	16	1.7
201	88	Neuman Dr. 201	205	1.9	5.0	6.5	225	0	16	1.7
202	88	Neuman Dr. 202	210	1.9	5.0	6.5	230	0	16	1.7
203	88	Neuman Dr. 203	215	1.9	5.0	6.5	235	0	16	1.7
204	88	Neuman Dr. 204	220	1.9	5.0	6.5	240	0	16	1.7
205	88	Neuman Dr. 205	225	1.9	5.0	6.5	245	0	16	1.7
206	88	Neuman Dr. 206	230	1.9	5.0	6.5	250	0	16	1.7
207	88	Neuman Dr. 207	235	1.9	5.0	6.5	255	0	16	1.7
208	88	Neuman Dr. 208	240	1.9	5.0	6.5	260	0	16	1.7
209	88	Neuman Dr. 209	245	1.9	5.0	6.5	265	0	16	1.7
210	88	Neuman Dr. 210	250	1.9	5.0	6.5	270	0	16	1.7
211	88	Neuman Dr. 211	255	1.9	5.0	6.5	275	0	16	1.7
212	88	Neuman Dr. 212	260	1.9	5.0	6.5	280	0	16	1.7
213	88	Neuman Dr. 213	265	1.9	5.0	6.5	285	0	16	1.7
214	88	Neuman Dr. 214	270	1.9	5.0	6.5	290	0	16	1.7
215	88	Neuman Dr. 215	275	1.9	5.0	6.5	295	0	16	1.7
216	88	Neuman Dr. 216	280	1.9	5.0	6.5	300	0	16	1.7
217	88	Neuman Dr. 217	285	1.9	5.0	6.5	305	0	16	1.7
218	88	Neuman Dr. 218	290	1.9	5.0	6.5	310	0	16	1.7
219	88	Neuman Dr. 219	295	1.9	5.0	6.5	315	0	16	1.7
220	88	Neuman Dr. 220	300	1.9	5.0	6.5	320	0	16	1.7
221	88	Neuman Dr. 221	305	1.9	5.0	6.5	325	0	16	1.7
222	88	Neuman Dr. 222	310	1.9	5.0	6.5	330	0	16	1.7
223	88	Neuman Dr. 223	315	1.9	5.0	6.5	335	0	16	1.7
224	88	Neuman Dr. 224	320	1.9	5.0	6.5	340	0	16	1.7
225	88	Neuman Dr. 225	325	1.9	5.0	6.5	345	0	16	1.7
226	88	Neuman Dr. 226	330	1.9	5.0	6.5	350	0	16	1.7
227	88	Neuman Dr. 227	335	1.9	5.0	6.5	355	0	16	1.7
228	88	Neuman Dr. 228	340	1.9	5.0	6.5	360	0	16	1.7
229	88	Neuman Dr. 229	345	1.9	5.0	6.5	365	0	16	1.7
230	88	Neuman Dr. 230	350	1.9	5.0	6.5	370	0	16	1.7
231	88	Neuman Dr. 231	355	1.9	5.0	6.5	375	0	16	1.7
232	88	Neuman Dr. 232	360	1.9	5.0	6.5	380	0	16	1.7
233	88	Neuman Dr. 233	365	1.9	5.0	6.5	385	0	16	1.7
234	88	Neuman Dr. 234	370	1.9	5.0	6.5	390	0	16	1.7
235	88	Neuman Dr. 235	375	1.9	5.0	6.5	395	0	16	1.7
236	88	Neuman Dr. 236	380	1.9	5.0	6.5	400	0	16	1.7
237	88	Neuman Dr. 237	385	1.9	5.0	6.5	405	0	16	1.7
238	88	Neuman Dr. 238	390	1.9	5.0	6.5	410	0	16	1.7
239	88	Neuman Dr. 239	395	1.9	5.0	6.5	415	0	16	1.7
240	88	Neuman Dr. 240	400	1.9	5.0	6.5	420	0	16	1.7
241	88	Neuman Dr. 241	405	1.9	5.0	6.5	425	0	16	1.7
242	88	Neuman Dr. 242	410	1.9	5.0	6.5	430	0	16	1.7
243	88	Neuman Dr. 243	415	1.9	5.0	6.5	435	0	16	1.7
244	88	Neuman Dr. 244	420	1.9	5.0	6.5	440	0	16	1.7
245	88	Neuman Dr. 245	425	1.9	5.0	6.5	445	0	16	1.7
246	88	Neuman Dr. 246	430	1.9	5.0	6.5	450	0	16	1.7
247	88	Neuman Dr. 247	435	1.9	5.0	6.5	455	0	16	1.7
248	88	Neuman Dr. 248	440	1.9	5.0	6.5	460	0	16	1.7
249	88	Neuman Dr. 249	445	1.9	5.0	6.5	465	0	16	1.7
250	88	Neuman Dr. 250	450	1.9	5.0	6.5	470	0	16	1.7
251	88	Neuman Dr. 251	455	1.9	5.0	6.5	475	0	16	1.7
252	88	Neuman Dr. 252	460	1.9	5.0	6.5	480	0	16	1.7
253	88	Neuman Dr. 253	465	1.9	5.0	6.5	485	0	16	1.7
254	88	Neuman Dr. 254	470	1.9	5.0	6.5	490	0	16	1.7
255	88	Neuman Dr. 255	475	1.9	5.0	6.5	495	0	16	1.7
256	88	Neuman Dr. 256	480	1.9	5.0	6.5	500	0	16	1.7
257	88	Neuman Dr. 257	485	1.9	5.0	6.5	505	0	16	1.7
258	88	Neuman Dr. 258	490	1.9	5.0	6.5	510	0	16	1.7
259	88	Neuman Dr. 259	495	1.9	5.0	6.5	515	0	16	1.7
260	88	Neuman Dr. 260	500	1.9	5.0	6.5	520	0	16	1.7
261	88	Neuman Dr. 261	505	1.9	5.0	6.5	525	0	16	1.7
262	88	Neuman Dr. 262	510	1.9	5.0	6.5	530	0	16	1.7
263	88	Neuman Dr. 263	515	1.9	5.0	6.5	535	0	16	1.7
264	88	Neuman Dr. 264	520	1.9	5.0	6.5	540	0	16	1.7
265	88	Neuman Dr. 265	525	1.9	5.0	6.5	545	0	16	1.7
266	88	Neuman Dr. 266	530	1.9	5.0	6.5	550	0	16	1.7
267	88	Neuman Dr. 267	535	1.9	5.0	6.5	555	0	16	1.7
268	88	Neuman Dr. 268	540	1.9	5.0	6.5	560	0	16	1.7
269	88	Neuman Dr. 269	545	1.9	5.0	6.5	565	0	16	1.7
270	88	Neuman Dr. 270	550	1.9	5.0	6.5	570	0	16	1.7
271	88	Neuman Dr. 271	555	1.9	5.0	6.5	575	0	16	1.7
272	88	Neuman Dr. 272	560	1.9	5.0	6.5	580	0	16	1.7
273	88	Neuman Dr. 273	565	1.9	5.0	6.5	585	0	16	1.7
274	88	Neuman Dr. 274	570	1.9	5.0	6.5	590	0	16	1.7
275	88	Neuman Dr. 275	575	1.9	5.0	6.5	595	0	16	1.7
276	88	Neuman Dr. 276	580	1.9	5.0	6.5	600	0	16	1.7
277	88	Neuman Dr. 277	585	1.9	5.0	6.5	605	0	16	1.7
278	8									

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16	1214	Spencer & Jones	150	61	HRP	52	17	4.6
18	1215	Spencer & Jones	150	61	HRP	52	17	4.6
19	1216	Spencer & Jones	150	61	HRP	52	17	4.6
20	1217	Spencer & Jones	150	61	HRP	52	17	4.6
21	1218	Spencer & Jones	150	61	HRP	52	17	4.6
22	1219	Spencer & Jones	150	61	HRP	52	17	4.6
23	1220	Spencer & Jones	150	61	HRP	52	17	4.6
24	1221	Spencer & Jones	150	61	HRP	52	17	4.6
25	1222	Spencer & Jones	150	61	HRP	52	17	4.6
26	1223	Spencer & Jones	150	61	HRP	52	17	4.6
27	1224	Spencer & Jones	150	61	HRP	52	17	4.6
28	1225	Spencer & Jones	150	61	HRP	52	17	4.6
29	1226	Spencer & Jones	150	61	HRP	52	17	4.6
30	1227	Spencer & Jones	150	61	HRP	52	17	4.6
31	1228	Spencer & Jones	150	61	HRP	52	17	4.6
32	1229	Spencer & Jones	150	61	HRP	52	17	4.6
33	1230	Spencer & Jones	150	61	HRP	52	17	4.6
34	1231	Spencer & Jones	150	61	HRP	52	17	4.6
35	1232	Spencer & Jones	150	61	HRP	52	17	4.6
36	1233	Spencer & Jones	150	61	HRP	52	17	4.6
37	1234	Spencer & Jones	150	61	HRP	52	17	4.6
38	1235	Spencer & Jones	150	61	HRP	52	17	4.6
39	1236	Spencer & Jones	150	61	HRP	52	17	4.6
40	1237	Spencer & Jones	150	61	HRP	52	17	4.6
41	1238	Spencer & Jones	150	61	HRP	52	17	4.6
42	1239	Spencer & Jones	150	61	HRP	52	17	4.6
43	1240	Spencer & Jones	150	61	HRP	52	17	4.6
44	1241	Spencer & Jones	150	61	HRP	52	17	4.6
45	1242	Spencer & Jones	150	61	HRP	52	17	4.6
46	1243	Spencer & Jones	150	61	HRP	52	17	4.6
47	1244	Spencer & Jones	150	61	HRP	52	17	4.6
48	1245	Spencer & Jones	150	61	HRP	52	17	4.6
49	1246	Spencer & Jones	150	61	HRP	52	17	4.6
50	1247	Spencer & Jones	150	61	HRP	52	17	4.6
51	1248	Spencer & Jones	150	61	HRP	52	17	4.6
52	1249	Spencer & Jones	150	61	HRP	52	17	4.6
53	1250	Spencer & Jones	150	61	HRP	52	17	4.6
54	1251	Spencer & Jones	150	61	HRP	52	17	4.6
55	1252	Spencer & Jones	150	61	HRP	52	17	4.6
56	1253	Spencer & Jones	150	61	HRP	52	17	4.6
57	1254	Spencer & Jones	150	61	HRP	52	17	4.6
58	1255	Spencer & Jones	150	61	HRP	52	17	4.6
59	1256	Spencer & Jones	150	61	HRP	52	17	4.6
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61	1258	Spencer & Jones	150	61	HRP	52	17	4.6
62	1259	Spencer & Jones	150	61	HRP	52	17	4.6
63	1260	Spencer & Jones	150	61	HRP	52	17	4.6
64	1261	Spencer & Jones	150	61	HRP	52	17	4.6
65	1262	Spencer & Jones	150	61	HRP	52	17	4.6
66	1263	Spencer & Jones	150	61	HRP	52	17	4.6
67	1264	Spencer & Jones	150	61	HRP	52	17	4.6
68	1265	Spencer & Jones	150	61	HRP	52	17	4.6
69	1266	Spencer & Jones	150	61	HRP	52	17	4.6
70	1267	Spencer & Jones	150	61	HRP	52	17	4.6

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Business property valuations in Western Europe

**RICHARD
ELLISON**
Chartered Surveyors

MAN OF THE WEEK

'Cunard is a bit of Britain'

BY JAMES McDONALD

SIR BASIL SMALLPEICE, chairman of Cunard, is sitting in the hot seat this week-end. On Monday he is expected to be the first of a series of small shareholders' most of them depending upon his opinion—his evaluation of the Trafalgar House bid of 200p per share for the company.

Yesterday Sir Basil said that his statement had to be cleared in every particular with the City Takeover Panel. "The City code is much more onerous on defendants than on bidders. The defence has to be prepared with as much care as issuing a prospectus, while the bid document does not."

Sir Basil, aged 64, is no stranger to difficult situations, but he has emerged from all of them with considerable dignity. If he makes a wrong decision in his evaluation of the Trafalgar bid most observers of his commercial life will say that it was made sincerely on behalf of Cunard shareholders and of the staff.

Sacked, many believe mistakenly, in 1963 as managing director of British Overseas Airways Corporation, Sir Basil became chairman of Cunard in 1965. "I took on the chairmanship on the basis of getting the business onto a profitable footing."

He is acutely aware that some major British shipping companies would prefer Cunard to be broken up with some valuable assets available in the auction, such as the QE2, the two cruise ships being built in Holland, and the lucrative offshore marine services offered to oil and gas rigs.

I agree that a number of small shareholders look to me for guidance: the number of letters I have received recently proves that. They hold the final hand—15,000 shareholders with less than £500 apiece. He feels deeply that Cunard means a bit of Britain. "I have been astonished at what the Cunard name appears to mean to Australians, Americans and others—more than that of, say, P and O and Furness Withy."

Self-reliant
Outside his professional sphere Sir Basil is a rather shy person but one, he believes, trained by circumstances to be self-reliant. He was born in South America and his father was a bank manager there; he was educated in Britain and saw his parents only about every 5 or 6 years during his formative and educational years. "I've always had to rely on my own resources."

Sir Basil has no personal axe to grind in the current takeover battle. His contract as chief executive and chairman has another 3½ years to run and this is valid even if Trafalgar obtains control. "I am not fighting my own battle."

Asked if he felt that, at 64, there was a desire to retire from the business "jungle," he said: "I don't want to retire whichever way things go in Cunard. I come from a long-lived family on my mother's side. My grandmother lived to 96 and my own mother to the same age. Five of my grandmother's six children made over 90. I expect to be here for some time to come."

THE LEX COLUMN

John Brown's defensive possibilities

Having sustained what looks very like its fastest five month rise since the war in two very clearly defined stages, the equity market now has all the characteristics of an overbought state. The best working hypothesis now, then, may well be that it is due for a consolidation which, by the nature of things, would be more or less of a reaction rather than a sideways movement, for looking ahead, it is easy enough to see how the move from fear through confidence, spurred as it has been by two reflationary gestures, could have run its course.

Meanwhile in Wall Street, it is hard to avoid the conclusion that the weakness in front of some unhelpful economic news would not have had the momentum it has had but for the combination of very low liquidity and net redemptions at the mutual funds.

John Brown

John Brown has matched its forecast with £4.35m. pre-tax and a £140,000 Rolls-Royce provision against £5.21m. within

that, there have been some sharp swings in individual contributions. On the positive side, general engineering has jumped £532,000 to £1.38m. on sales of £27m. and with last year's orders for gas turbines up by perhaps 35 per cent. to over £20m., there should be plenty of impetus left here. Against that, chemical engineering and machine tools—two thirds of profits before group expenses—have each dropped around £580,000: no surprise in the first instance given the known shortage of pipelining work, while the machine tool setback may have as much to do with labour problems as with demand.

Chemical engineering looks reasonably well protected for the current year considering the way profitability builds up over the life of a contract and potential future losses are provided against. As for machine tools, Wickman's anti-cyclical strengths in special tools, notably multi-spindle automatics still seem to be holding good. So containers and trailers, with profits of just £208,000, are

the most obviously vulnerable earnings source, and a p/e of 7.7 at 129p can comfortably take care of that.

Fitch Lovell

In the first half of 1970-71, Fitch Lovell surprised people by producing a 13 per cent. rise in pre-tax profits from an 8 per cent. rise in sales. In the second half, a 7 per cent. sales rise has lifted profits a cool 49 per cent. to £2.3m. pre-tax making £4.3m. for the year against £3.3m.

This, judging by the 4p rise to 90p yesterday, was less surprising than it looks. The shares have been a strong market ahead of the results but remain moderately priced in relation to the market—with a 15.7 p/e on earnings of 5.66p a share—and cheap in view of Fitch's long-term growth record. Prospects, too, should be sound enough. Even a decision to price flexibility cannot have helped much in a year ending on April 24, so the Key super-markets division stands more chance of being a plus item in

1971-72. Last year's mainstays—food manufacturing, first-hand wholesaling (that is, bulk business), and the butchers' shops all look reasonably well placed; but the strength of Fitch, overall, must be its recognition of the various demand cycles in an extremely widespread food business, with an apparent ability to maximise the ups and minimise the downs.

IC Gas

The growth at Imperial Continental Gas—pre-tax profits are up from £4.37m. to £4.97m.—is largely accounted for by a gain of some £500,000 at Calor Gas, plus nearly £100,000 from Century Power and Light. The latter more than doubling to £166,000 as a reflection of an extra six months' production at the Hewitt North Sea gas field.

Calor Gas has stepped up the 1969-70 rate of improvement, with volume and prices moving ahead but raw material costs held back by long-term contracts: hence a 27 per cent. pre-tax gain there against a 14 per cent. growth in turnover. Mean-

while the Belgian and French utility subsidiaries, in fairly average weather conditions, have raised their contribution just 3 per cent. to £2,09m. At 468p the shares sell at 26.6 times earnings; the Belgian side's unconsolidated retentions are roughly a third of published group net profits; and IC Gas should get a slight earnings boost from the acquisition of LPG in Ireland: consolidating LPG appears to raise earnings from 17.7p to 18.9p, fully diluted.

Finally, there is the touch of North Sea glamour, with Century scheduled to double sales over the next three years or so, and the possibility of oil production at the Josephine field in the medium term.

BSA

Who should know next week whether Mr. McDonald will proceed with some kind of partial bid for BSA after the Cooper Bros. report, but what is already certain is that it will be on a very different basis. Having lost an estimated £3m.

in the year to July, before a reorganisation provision of £1m. with more to come this year, BSA is running out of borrowing power. The implication is that any new formula would involve the injection of capital by Vision Enterprises in exchange for new shares. The amount required would apparently be "substantial" which could presumably mean anything up to the full £5.5m. which Mr. McDonald had originally proposed for buying out 80 per cent. of the present equity.

That provisional offer of 55p a share valued the group at £9.3m. and for points of reference as to how the situation may have changed, the loss and provisions might be, say, £3m. (pre-tax) worse than expected while, on the other side, the non-motor cycle division if it is making about £700,000 pre-tax could be valued at £4m. or £5m. Meanwhile, the point where the injection of £5.5m. would represent 50 per cent. of BSA would be at a share valuation of about 32½p.

New plan to end Senate deadlock on Lockheed

BY GUY DE JONQUIERES

FRESH hopes were raised today of unravelling the Lockheed loan guarantee imbroglio when leaders of both parties in the House of Representatives agreed on a plan intended to break the deadlock which is holding up the legislation in the Senate.

The House agreement involves the House's agreement to a vote on the Lockheed guarantee. But in view of the tough opposition which the Bill is facing in the Senate—where another attempt to cut off debate was defeated this morning—Lockheed's supporters feel that it is at least worth trying out.

The plan calls for the abandonment of the broad legislation now before both chambers of Congress which would set up a \$2,000m. fund to assist major corporations in financial difficulty. Instead, the House would vote simply on whether to give Lockheed \$250m. in loan guarantees.

This suggestion was being put

before the House and there was some hope that a vote might be taken on it later today. Mr. Gerald Ford, the Republican leader, said he expected that approval by the House would put pressure on the Senate to end its filibuster and to vote on a similar proposal.

It is considered likely that the plan will succeed in the House. But there is some doubt about its fate in the Senate, where it could lead to an outright veto of the Lockheed guarantee.

A compromise agreement was reached in the Senate yesterday, which provided for the abandonment of the \$2,000m. legislation in exchange for an undertaking by Lockheed's opponents to halt their filibustering tactics.

Discouraged

However, this agreement fell through when it was discovered that a number of Senators who were prepared to support the broad legislation would not ap-

prove a loan guarantee for Lockheed alone.

The obvious danger is that such a situation would repeat itself in the Senate, resulting in a veto of the Lockheed guarantee. If the House plan is approved, great pressure is certain to be brought on the waverers in the Senate, by both Lockheed's supporters and its opponents.

The failure of this morning's "closure vote" inevitably bred discouragement among Lockheed's supporters and jubilation among the opponents. The vote fell seven votes short of the required two-thirds majority, with 53 in favour and 37 against.

Another closure motion has been called for Monday, but this is considered something of a formality, which few people believe is likely to succeed. For the moment, Lockheed's supporters are hiding their time and hoping that action in the House of Representatives will provide some new way of breaking the deadlock.

P.O. union expels 338 non-strikers

THE Union of Post Office Workers yesterday expelled 338 members who worked during the official pay strike earlier this year. Altogether 480 cases were considered by the executive in seven members were excused, one suspended for 12 months, two warned about their future conduct, 11 referred to a sub-committee that can impose fines and 101 deferred for further information.

6,000 resigned
About 16,000 UPW members were reported to the union for working during the strike. Nearly 6,000 have resigned from the union and the remainder will have their cases heard by the executive over the next few months.

There is no closed shop in the Post Office, therefore employees who do not join the union do not lose their jobs.

8½% rise cheers Government

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE GOVERNMENT drew comfort last night from the 8½ per cent. average rise accepted by union negotiators yesterday in talks on a new wage settlement for 200,000 industrial civil servants.

The proposed agreement, which the union leaders will recommend should be accepted, is seen by Ministers as being in tune with their strategy for progressively lowering the level of pay settlements. It was all the more welcome to them following Wednesday's 11 per cent. arbitration award to 116,000 Post Office engineers who work in the Government's policy.

But the unions representing the workers in the Government's industrial establishments such as ordnance factories and dockyards were able to claim they had twice been able to force up the original offer of 7½ per cent. They had been told by Lord Jellicoe,

Lord Privy Seal, the Minister in charge of the Civil Service, that the last offer of 8 per cent. was "final".

The settlement is an important one in that it is first in a major round of public sector pay negotiations. Last year they won a 13 per cent. increase, which had an effect on later settlements. In the current negotiations the unions were left in a difficult position after the last meeting when they were offered the choice of accepting either an extra £1.50 a week for everyone or £1.60 for craftsmen and £1.45 for unskilled workers. This meant that one or other of the two groups would have had to accept less than the best offer. In yesterday's talks the official side stepped up the offer to the unskilled workers to £1.50. Under the proposed settlement women will get 80 per cent. of the men's rate instead of 81½ per cent. at present.

Increases under the new deal range from just under 7 per cent. to 9½ for the lower paid and will be back-dated to July 1. The new wage scales will be from £17.00 to £23.35 a week. London rates are £1.60 more. The deal is expected to cost about £16m. in a full year.

Ottawa studies Supertest merger with BP Canada

BY OUR OWN CORRESPONDENT

MONTREAL, July 30.

THOUGH it is known that BP Canada and Supertest Petroleum informed the Federal Government of their merger plans well before the announcement, officials of both companies have been called in by Ottawa to discuss details of the deal with the Energy Department.

Supertest was the last major independent petrol retailer left in Canada not owned by a major oil company. It has bought its refinery supplies for many years mainly from Imperial oil, both in Ontario and Quebec, and the industry had assumed that Imperial (Jersey Standard) would be the likely buyer when the Thompson family of London, Ontario, judged the time right for sale.

Mr. Gordon Thompson, chairman, now 75, started the \$30m. business on Dundas Street, London in 1925.

Estate planning
It is widely believed that estate planning and the complications of the pending capital gains tax are the chief factors in the sale's timing. The Thompson family by selling its holding of Supertest voting Common would get around \$17m. cash from the deal, plus a continuing stake in the merged Supertest-BP operations in Canada.

It is Supertest that has the

stock market listing for both classes of stock, Common and Ordinary. The new one-class voting stock of Supertest, under the deal, could still be listed and in this way there could be a publicly listed stock representing the chief operating end of the BP business in Canada. BP Canada, the holding company in turn owned by British Petroleum, would have about 70 per cent. of the equity in the merged group and the public about 30 per cent.

Treasury bill rate steady

Financial Times Reporter

THE TREASURY bill rate showed little change at yesterday's tender, rising a bare 0.0004 per cent. to 25.642 per cent. The Discount market syndicate submitted an unchanged bid of 25.61.

Applications were reduced 77m. to £221m., with the amount of bills offered cut by \$60m. to £120m. The market syndicate received an allotment of 36 per cent. of application, against 45 per cent. the previous week.

All bills offered were allotted, while next Friday's £160m. bills will be on tender, against maturities of £140m.

Bovril: Beecham appoints advisers

BY SANJOY McLACHLAN

IT WAS confirmed yesterday that Beecham Group has appointed Morgan Grenfell as financial advisers to look into the Bovril situation.

A Morgan Grenfell spokesman yesterday emphasised that this did not mean any commitment to bid on the part of Beecham, which at this stage merely wanted to get the information from Schroder Wagg (advisers to Bovril) which is available to the other bidders, Cavenham Foods and Rowntree Macintosh. Even an admission of interest on the part of Beecham, which

has previously stuck firmly to a "no comment" when its name has been mentioned in connection to further speculative activity in Bovril shares. They rose a further 3p to 450p, well ahead of the Cavenham offer of 423p, which currently tops the "bidding".

The Bovril Board issued a holding statement to the effect that it was considering the latest Cavenham terms, and that a further announcement would follow after the Board and its advisers had seen the formal offer relating to the new Cavenham bid.

Dover Plan satisfies DTI on funds

BY MICHAEL BLANDIN

INTERNATIONAL Life Insurance (U.K.), the Dover Plan subsidiary of the ILOS group, has now met the requirements of the Department of Trade and Industry to ensure protection of its policyholders' funds.

It announced yesterday that it had completed arrangements for the custodianship of assets, which would be held by the Midland Bank Executor and Trustee Company as the approved custodian. The company said it had now

"complied with all aspects of the DTI's requirements." These were designed to ensure the insulation of ILOS's assets from the problems and dissensions of the ultimate parent company, the crisis-torn ILOS.

The assets concerned cover the company's U.K. liabilities, as established in audited accounts and actuarial valuations included in the return made to the DTI for December 31, 1970, updated to June 30, 1971 and, so far as the unit accounts are concerned, to July 25.

Finance for Expansion

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Weather

U.K. TO-DAY

Most places will have a very warm day, and long spells are expected. In the S.W. and in N. Ireland, W. Scotland it will be dry with outbreaks of thundery and thunderstorms. This weather may spread to N. Wales and the Midland. N.E. coast areas of Eng. and Scotland will be drier, with some fog patches. London: S.E. 8. E. and Cent. Eng.; E. Anglia; E. Midland; Channel Isles. Dry, long sunny spells. S.E. moderate. Max. 25C (77F). Cent. S. and N.W. Eng.; W. Midlands; N. Wales; Isle of Man. Mostly dry, sunny spells, clearing cloudy with outbreaks of thundery rain. Wind moderate, becoming variable. Max. 24C (75F). S.W. Eng.; S. Wales; N. Ire. Cloudy, outbreaks of thundery rain. Isolated thunder. Brighter later. Wind S. 1. Moderate. S.W. moderate. Lake Dist.; S.W. Scot. Clear. Cent. Highlands. Mainly dry, sunny spells. S.E. moderate. Max. 23C (73F). N.E. Eng.; Borders; E. Scot. Edinburgh; Dundee. Rather cloudy, some patches. Wind S.E. moderate. Calthness; Orkney; Shetland. Mist and fog slowly clearing. Wind S.E. light, becoming moderate. Max. 13C (55F). Argyll; N.W. Scot. Mostly dry, becoming glo. Outbreaks of rain. Wind S. 1. or moderate. Max. 18C (64F). Outlook for Sunday and Monday. Generally cooler with showers and sunny spells.

BUSINESS CENTRES

City	Mid-day	Max	Min
Amsterdam	21	24	18
Bahrein	40	44	36
Bombay	32	36	28
Buenos Aires	20	24	16
Calcutta	32	36	28
Canton	28	32	24
Cebu	32	36	28
Hankow	28	32	24
Hong Kong	32	36	28
Kobe	28	32	24
London	20	24	16
Lyons	20	24	16
Manila	32	36	28
Medan	32	36	28
Osaka	28	32	24
Paris	20	24	16
Rangoon	32	36	28
Shanghai	28	32	24
Singapore	32	36	28
Tokyo	28	32	24
Yokohama	28	32	24

HOLIDAY RESORTS

City	Mid-day	Max	Min
Algeria	28	32	24
Amsterdam	21	24	18
Antwerp	20	24	16
Bahrein	40	44	36
Bombay	32	36	28
Buenos Aires	20	24	16
Calcutta	32	36	28
Canton	28	32	24
Cebu	32	36	28
Hankow	28	32	24
Hong Kong	32	36	28
Kobe	28	32	24
London	20	24	16
Lyons	20	24	16
Manila	32	36	28
Medan	32	36	28
Osaka	28	32	24
Paris	20	24	16
Rangoon	32	36	28
Shanghai	28	32	24
Singapore	32	36	28
Tokyo	28	32	24
Yokohama	28	32	24

U.S. steel pay offer rejected

WASHINGTON, July 30.

AMERICAN steel union officials negotiating a pay claim here today rejected the industry's first firm wage offer, dismissing the chances of averting a strike due to start at midnight tomorrow. Mr. Joseph Molony, a senior steel union official, termed the offer "very stingy." He said it was substantially less than settlements in the aluminum, can and copper industries which gave the union a rise of about 31 per cent. over three years.

Long Range Forecast Page

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